

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

SECOND SESSION—TWENTY-EIGHTH PARLIAMENT

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COMPRISING THE PERIOD FROM THE TWENTY-FOURTH DAY OF NOVEMBER, 1969, TO THE NINETEENTH DAY OF DECEMBER, 1969, INCLUSIVE.

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HOUSE OF COMMONS

Monday, November 24, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

NUCLEAR NON-PROLIFERATION TREATY—RATIFICATION BY U.S. AND U.S.S.R.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, seldom does a Prime Minister of Canada rise in the House of Commons to comment on activities undertaken by foreign governments. Nevertheless, the simultaneous steps taken this morning by the United States and the Soviet Union are of such importance to all of mankind that I regard it as entirely proper to use this opportunity to bring them to the attention of all hon. members, all the more so as in my statement at the beginning of the session this is what the government of Canada asked these two governments to do.

At eleven o'clock this morning the governments of the United States and the Soviet Union announced their intention to deposit forthwith instruments of ratification of the non-proliferation treaty, a step which our government and other governments have been urging for some time. This event will hopefully precede the coming into force of the treaty, which Canada and 20 other countries have already ratified.

[*Translation*]

Mr. Speaker, I am sure that hon. members will join me in welcoming this important decision and in hoping that it will be followed by others of similar importance during the strategic arms limitation talks now being held in Helsinki.

[*English*]

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, the news announced by the Prime Minister will receive widespread approval throughout the world. I hope that the next countries that will see fit to ratify the treaty will be France and the Federal Republic of Germany. As a matter of fact, the latter has recently announced that it will take such a step. It becomes increasingly important that continental China, the country with the largest population in the world, be brought within the community of nations so that she can be a party to some of these instruments that may result in the survival of mankind.

• (2:10 p.m.)

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I am sure that members in all parts of the House join with the Prime Minister in expressing great pleasure that this first step toward reaching a non-proliferation treaty has been taken by the United States and the U.S.S.R. I hope that the Canadian government will press on to urge the establishment of an underground test ban treaty and that we will also continue to press for changes in the proposed treaty with respect to seabed nuclear installations. I think Mr. George Ignatieff has been taking a very excellent position on this matter in Geneva. I hope the Canadian government will support him and get the support of other countries to take this necessary step.

However, Mr. Speaker, the whole question of nuclear arms is so far-reaching in its implications for mankind that I do not think we can ever be satisfied until we have succeeded in getting the nations of the world, in particular the nuclear nations, to agree to a treaty which will not only ban testing and reduce proliferation but will finally ban the manufacturing, storing and use of nuclear weapons in every field. I hope that this is the position which the Canadian government will press in the various international agencies when our representatives sit down with the representatives of other countries.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, we from the Ralliement créditiste are pleased to learn that the world is now taking a course that will encourage the various countries to realize that they are in danger of being completely wiped out if they carry on the nuclear arms race.

We are quite pleased to learn from the Prime Minister of Canada himself that the United States and Russia have concluded this morning an agreement to restrict the production and use of nuclear weapons.

As the other members, we hope that the other nations will follow suit and show more understanding and co-operation in order that there may be less suspicion among them. Thus, the entire world will be in a position to consider the future more calmly than in the past few years.

We are pleased to hear such good news and we hope that a similar agreement will be concluded with the other nations that already have nuclear weapons.

[*English*]

OIL

B.C. DRILLING PERMITS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I desire to introduce a motion of urgent and pressing necessity under Standing Order 43 which reads as follows:

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

My explanation, Mr. Speaker, is quite brief. My motion arises out of the fact that the government of British Columbia has granted seismic testing permits for drilling in the coastal areas of B.C., in particular in Georgia Strait. The people who live in those areas are fearful that they will be subjected to the same kind of oil pollution which has been experienced by people living in the coastal areas of California. If the seismic tests prove to be favourable the oil companies will be applying to the federal government for oil drilling permits.

I therefore contend it is imperative that parliament be given an opportunity to express its opinion on this matter and that the government should indicate whether or not it intends to grant these oil drilling permits before the seismic testing goes too far. I would therefore like to move, seconded by the hon. member for York South (Mr. Lewis):

That this House expresses its concern regarding the potential oil pollution arising from the proposed exploratory drilling in the Georgia Strait and in the waters off the coast of British Columbia and urges that all those concerned take immediate steps to assure that this will not be allowed to happen.

Mr. Speaker: As the hon. member knows, this motion, to be presented for consideration by the House at this time, requires the unanimous consent of the House. Is there unanimous agreement?

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Speaker: There is not. Therefore the motion may not be put to the House.

URBAN AFFAIRS

SPECIAL COMMITTEE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has indicated the gist of Standing Order 43. I would now ask for the unanimous consent of the House to move a motion under that Standing Order. In order to establish the urgent and pressing necessity which justifies my request I make the following brief explanation. The federal government, Mr. Speaker, is currently involved in a number of problems relating to issues which directly affect the municipalities, that is, airport location, pollution, violence, urban transportation, housing and slum clearance, urban poverty, etc. Despite the provincial governments' primary constitutional responsibility, it is urgent and essential that a forum be established by this House to permit those concerned in such immediate urban problems to make their representations.

I therefore ask for unanimous consent to move the following motion:

That in the opinion of this House, a special committee of this House on urban affairs should be appointed to consider and make recommendations, and to report to this House on the advisability of measures to be taken affecting people living in urban areas.

Some hon. Members: Hear, hear.

Mr. Speaker: The hon. member has indicated the urgency of this matter and has indicated what his motion is. I hope he does not intend to proceed into the matter much further. I have to bring to the attention of hon. members that a special committee of the House spent a few years revising our rules, changing substantially Standing Order 26. I would think that hon. members would agree that we should not now find a way to circumvent the new rules of the House by abusing—by taking advantage of Standing Order 43. If

hon. members wish to propose a motion under Standing Order 43 they should be satisfied with making a brief explanation. I would invite the co-operation of all hon. members to respect the spirit of that rule by limiting their submissions to the House to a very brief explanation. I suggest to the hon. member for Hamilton West that this is what he has done to this point, and I do not think any purpose would be served by pursuing the matter further.

Mr. G. W. Baldwin (Peace River): On the point of order that Your Honour has raised, Your Honour is quite correct, but during the course of proceedings in the House a day or two ago I attempted to make use of the provisions of Standing Order 68 and Your Honour reminded me that because that order had not been made use of it has probably expired. I think it must be our course on this side to ensure that such rules are not lost through atrophy.

Mr. Speaker: That is quite obvious. I would think that the use we have been making of this Standing Order during recent weeks indicates that the Standing Order is still acceptable in the sense that it is the type of Standing Order that can be made use of. I do not want to make things difficult for the hon. member for Hamilton West. If he has further comments to make they can be made, with the usual caution by the Chair. I would certainly allow him to continue.

Mr. Alexander: Mr. Speaker, I rise on a question of privilege. It was not my intention to circumvent the rules of the House, nor was it my intention to take the time of the House unnecessarily. I think I can say, with a great deal of respect to the Chair, that the problem I have posed is one of great concern to all Canadians. Perhaps it can be put down to my inexperience with the rules, but I have followed the rules and I would hope that the Speaker would realize that my intention was sincere. Of course it is unfortunate—

Mr. Speaker: The hon. member's hope is well-founded, I can assure him. I thought that, as I always do, it was my duty to remind hon. members that under Standing Order 43 the only explanation that can be made is regarding urgency and it has to be as brief as possible. I am sure all hon. members will agree with me, upon reflection, that we should be careful not to revert to the situation we had previously under Standing Order 26 which was not quite conducive to effective, efficient and orderly debate. I hope we will not get ourselves involved in that situation. I am not suggesting that we have at any time up until now, but I think it may be useful to bring this point to the attention of the House from time to time.

Mr. Douglas (Nanaimo-Cowichan-The Islands): On the point of order, Mr. Speaker, I would think it would be helpful to hon. members if Your Honour would make clear what your concern is. The wording of Standing Order 43 is perfectly clear. It says "that in case of urgent and pressing necessity explained by the mover" an hon. member can, by unanimous consent, move a motion. I take it Your Honour is concerned about the length of the explanation—

Mr. Speaker: Order, please. I think the hon. member is making the point now. What I am worried about is that we could have a lengthy explanation that would in effect be a speech rather than an explanation in support of the motion. That is what I am hoping to prevent, for the benefit of all members of the House.

• (2:20 p.m.)

I have often said it is difficult for the Chair to determine what brevity is. We do not all have the same standards. The Chair always hopes that hon. members will observe brevity in the sense that they will be brief rather than long. At the same time I think that an hon. member who moves this type of motion would feel that he is entitled to have some kind of leniency in proceeding somewhat longer than the Chair may wish. As the hon. member knows, my concern is in connection with the possible extension of such remarks. I am sure that hon. members will keep this in mind as they have in the past and as they no doubt have this afternoon.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Further to the point of order, Mr. Speaker, I know all hon. members want to be guided by your wishes in the matter. We all agree that explanations should be brief, but some explanation is necessary. I contend that both explanations which have been given have not been longer than necessary to explain the motions being introduced.

Mr. Speaker: Order, please. There is no point in our pursuing this matter much further. I told the hon. member I was in agreement with him. The explanations which were made were acceptable. It was only when the hon. member for Hamilton West sought to pursue the matter after having moved his motion that I thought this caution should be given. Motions.

Mr. Baldwin: Your Honour has not put the question.

Mr. Speaker: Has the hon. member for Hamilton West leave to proceed with the motion which has been presented to the House?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I hear some yeas and some nays. The hon. member knows there must be unanimous agreement before the motion can be put, and there has not been unanimous agreement.

GRAIN

MEASURE TO AUTHORIZE PROVISIONAL PAYMENTS

Hon. Allan J. MacEachen (for Mr. Lang, Minister without Portfolio) moved for leave to introduce Bill C-157, to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the prairie provinces.

Motion agreed to, bill read the first time and ordered to be printed.

NUCLEAR LIABILITY

MEASURE RESPECTING CLAIMS FOR DAMAGES CAUSED BY INCIDENTS

Hon. Allan J. MacEachen (for Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-158, respecting civil liability for nuclear damage.

Motion agreed to, bill read the first time and ordered to be printed.

HOUSE OF COMMONS

DESIGNATION OF MR. SPEAKER AS MEMBER FOR PARLIAMENT HILL

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill C-159, respecting the designation of the Speaker of the House of Commons as the member for the electoral district of Parliament Hill.

He said: Mr. Speaker, may I first thank the hon. member for Fundy-Royal for seconding my motion for the introduction of this bill. I also thank those members of other parties who have indicated their interest in it.

The purpose of this bill is to make it possible, when the House has a Speaker in whom we all have full confidence, as is the case at the present time, to take steps to provide for that occupant of the chair to continue therein from Parliament to Parliament. My bill preserves the principle that a Speaker, in the first instance, must have been elected in a constituency. It also preserves the principle that each new Parliament must elect its own Speaker. My bill provides, however, for the continuity we would all like to see. I hope hon. members will study its details and that the house leaders may be able to arrange a time when this matter can be discussed.

Motion agreed to, bill read the first time and ordered to be printed.

QUEBEC SAVINGS BANKS ACT

EXTENSION OF AUTHORITY TO OPEN BRANCHES

Hon. Allan J. MacEachen (for the Minister of Finance) moved the first reading of Bill S-2 (from the Senate), to amend the Quebec Savings Banks Act.

Motion agreed to and bill read the first time.

CANADIAN AND BRITISH INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Allan J. MacEachen (for the Minister of Finance) moved the first reading of Bill S-6 (from the Senate), to amend the Canadian and British Insurance Companies Act and other statutory provisions related to the subject matter of certain of those amendments.

Motion agreed to and bill read the first time.

FOREIGN INSURANCE COMPANIES ACT

AMENDMENTS RESPECTING REGISTRATION, OPERATION AND ADMINISTRATION

Hon. Allan J. MacEachen (for the Minister of Finance) moved the first reading of Bill

S-7 (from the Senate), to amend the Foreign Insurance Companies Act.

Motion agreed to and bill read the first time.

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Allan J. MacEachen (for the Minister of Finance) moved the first reading of Bill S-8 (from the Senate), to amend the Trust Companies Act.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Allan J. MacEachen (for the Minister of Finance) moved the first reading of Bill S-9 (from the Senate), to amend the Loan Companies Act.

Motion agreed to and bill read the first time.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

RADIO EXPENDITURES, CBC— SOURCE OF FUNDS

Question No. 17—**Mr. Broadbent:**

1. For the fiscal years 1955-56, 1960-61, 1961-62, 1962-63, 1963-64, 1964-65, 1966-67, 1967-68, 1968-69, what was the total expenditure of the Canadian Broadcasting Corporation (Radio), and of that amount what percentage was publicly funded and what percentage was due to commercial advertising revenues?

2. Is the Government of Canada presently giving favourable consideration to the elimination of commercial advertising over the CBC Radio Network?

Questions

Hon. Gérard Pelletier (Secretary of State): 1. I am informed by the Canadian Broadcasting Corporation that the following table summarizes the total expenditure of the Canadian Broadcasting Corporation (Radio), the precentage provided by Parliamentary Grants and the percentage due to commercial advertising revenue for the years indicated. The remaining percentage of revenue was due to miscellaneous income. Expenditure totals do not include depreciation, capital expenditure, loan principal repayment, and International Service expenditure.

	Expenditure in $000's	Percent Provided By Parliamentary Grants	Percent Provided By Commercial Advert'g Revenue
1955-56	14,898	77	22
1960-61	19,017	87	12
1961-62	20,959	87	12
1962-63	20,800	86	13
1963-64	21,976	87	12
1964-65	24,543	89	10
1965-66	27,156	90	9
1966-67	31,374	92	7
1967-68	35,494	93	6
1968-69	39,598	94	5

2. No.

NRC INDUSTRIAL RESEARCH ASSISTANCE PROGRAM

Question No. 22—**Mr. Broadbent:**

For the fiscal year 1968-69 and the current fiscal year up to September 1969, what has been the number of projects, the forecasted federal government expenditures and the actual government expenditures for the National Research Council's Industrial Research Assistance Program?

Hon. C. M. Drury (President of the Treasury Board): The National Research Council of Canada and Canadian Patents and Development Limited inform me as follows:

	Projects	Forecasted Expenditure (cash allotment)	Expenditures
1968-69	177	$6,100,000.00	$6,111,300.00
1969-70	148*	$6,800,000.00*	$2,576.456.00*
	*(to 1 Sept. 1969)	*(to 31 March 1970)	*(to 1 Sept. 1969)

Questions

PATENTS ISSUED TO NON-RESIDENTS

Question No. 41—**Mr. Benjamin:**

For the years 1950, 1955, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968 and 1969, what percentage of Canadian patents have been taken out by non-residents?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Percentage of Canadian Patents taken out by non-residents

Year ending in	Percentage
March 1950	92.3
March 1955	94.5
March 1960	94.5
March 1961	94.3
March 1962	94.4
March 1963	94.4
March 1964	95.4
March 1965	95.2
March 1966	95.3
March 1967	95.0
March 1968	95.1
March 1969	94.8

JUDGES' SALARY INCREASES

Question No. 75—**Mr. Lambert (Edmonton West):**

1. What was the date of the last general salary and wage increase granted to judges of the Supreme Court of Canada, Exchequer Court of Canada, Supreme or Superior Courts of the provinces, and County or District Courts of the provinces prior to April 1, 1963, its effective date, and what was the percentage increase?

2. From April 1, 1963 to date, what have been the dates (both of publication and coming into force) of any general salary and wage increase for judges of the Supreme Court of Canada, Exchequer Court of Canada, Supreme or Superior Courts of the provinces, and County or District Courts of the provinces and what was the average percentage increase for each such increase?

3. What cumulative average percentage increase does the salary and wage level to judges of the Supreme Court of Canada, Exchequer Court of Canada, Supreme and Superior Courts of the provinces, and County or District Courts of the provinces as at present date reflect when compared to the relative salary and wage level of April 1, 1963?

Hon. C. M. Drury (President of the Treasury Board): 1.

Court	Judges	Publication Date	Effective Date	Percentage Increase Over Previously Existing Rates
Supreme Court of Canada	Chief Justice	July 11, 1955	July 11, 1955	10.0
	Puisne Judges	July 11, 1955	July 11, 1955	12.5
Exchequer Court of Canada	President	July 11, 1955	July 11, 1955	15.6
	Puisne Judges	July 11, 1955	July 11, 1955	17.4
Supreme or Superior Courts of Provinces	Chief Justice	July 11, 1955	July 11, 1955	15.6
	Judges	July 11, 1955	July 11, 1955	17.4
County or District Courts of Provinces	Judges	July 11, 1955	July 11, 1955	31.3

2.

Court	Judges	Publication Date	Effective Date	Percentage Increase Over Previously Existing Rates
Supreme Court of Canada	Chief Justice	July 31, 1963	Aug. 1, 1963	21.3
		Mar. 1, 1967	Mar. 1, 1967	14.3
	Puisne Judges	July 31, 1963	Aug. 1, 1963	33.3
		Mar. 1, 1967	Mar. 1, 1967	16.7
Exchequer Court of Canada	President	July 31, 1963	Aug. 1, 1963	35.1
		Mar. 1, 1967	Mar. 1, 1967	28.0
	Puisne Judges	July 31, 1963	Aug. 1, 1963	24.3
		Mar. 1, 1967	Mar. 1, 1967	33.3
Supreme or Superior Courts of Provinces	Chief Justice	July 31, 1963	Aug. 1, 1963	35.1
		Mar. 1, 1967	Mar. 1, 1967	20.0
	Judges	July 31, 1963	Aug. 1, 1963	24.3
		Mar. 1, 1967	Mar. 1, 1967	23.8
County or District Courts of Provinces	Judges	July 31, 1963	Aug. 1, 1963	52.4
		Mar. 1, 1967	Mar. 1, 1967	18.8

[Mr. Drury.]

3.

Court	Judges	Current Salary Expressed as a Percentage of Salaries in Effect April 1, 1963
Supreme Court of Canada	Chief Justice	145.5
	Puisne Judges	155.6
Exchequer Court of Canada	President	173.0
	Puisne Judges	165.7
Supreme or Superior Courts of Provinces	Chief Justice	162.2
	Judges	153.8
County or District Courts of Provinces	Judges	181.0

Note: Effective June 1, 1967, a provision was made in the Judges Act for an additional salary of $2,000 per annum as compensation for extra-judicial services. This $2,000 was not counted in the above calculations.

WHITE PAPER ON TAX REFORM

Question No. 77—**Mr. Saltsman:**

1. Were any changes in substance made to the White Paper on Tax Reform after the proposed United States Tax Reform Act was made public?

2. Has the Minister of Finance had a study done to assess the effects of the proposed U.S. tax returns on Canada or on the proposals contained in his White Paper on Taxation?

Hon. E. J. Benson (Minister of Finance): 1. The reasons which led the government to advance the proposals which are in the white paper on tax reform are set out in the white paper. It is not the practice, nor in the public interest, to identify when government decisions were made.

2. The U.S. developments are being kept under review. There is now a tax treaty in effect between Canada and the U.S. which will be reviewed and possibly renegotiated following the decisions on tax reform in both countries.

RESEARCH STUDIES, CRTC ECONOMICS BRANCH

Question No. 82—**Mr. Rose:**

1. For the fiscal years 1968-69 and 1969-70, what specific research studies have been undertaken by the Economics Branch of the Canadian Radio-Television Commission?

2 Who are the individuals involved in these studies and when it is anticipated that these studies will be completed?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Radio-Television Commission as follows: 1. During the past two years the Economics Branch working in conjunction with the Research Branch and with other branches of the Canadian Radio-Television Commission, has carried out a number of specific research studies on such subjects as satellites, CATV, microwave and CATV, commercial policy, extension of service, FM radio, integration and rationalization of Canadian broadcasting.

2. Members of the Economics Branch engaged in these studies include J. Hagborg, H. Patry, J. Parent and G. Cloutier. Some of the studies mentioned above are completed; others are of a continuing nature.

RESOURCES RESEARCH CENTRE STUDIES

Question No. 86—**Mr. Harding:**

1. For the fiscal years 1968-69 and 1969-70, what specific research studies have been undertaken by the Resources Research Centre of the Department of Energy, Mines and Resources?

2. Who are the individuals involved in these studies and when is it anticipated that these studies will be completed?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): 1. The specific research studies undertaken during fiscal years 1968-69 and 1969-70 by the Resources Research Centre, Department of Energy, Mines and Resources are as follows:

	Title	Status
1.	Flood Inundation Limits from Flood and Post-Flood Photography	Completed
2.	Establishment of Criteria for Predicting Flood Characteristics through Airphoto Interpretation	Completed
3.	Current Extent of use of Airphoto Interpretation in Small Watershed Planning	Completed

Questions

Title	Status
4. Manual—"Airphoto Interpretation as an Aid in Watershed and River Basin Planning and Development"	To be completed in 1970
5. Socio - Economic - Ecologic Simulation in Water Resource System Planning	Completed
6. Eng-Economic Models for Water Quality Management	To be completed in 1970
7. Stochastic Models—Flood Control—Coastal Structures —Investment—Risk Criteria	Completed
8. Socio-Economic Factors Affecting Resources Utilization in Newfoundland, with Special Emphasis on the Great Northern Peninsula	Completed
9. Alternative Proposal to the Borden-Tormentine Scheme	Completed
10. Social and Economic Spatial Characteristics of the Canadian Economy	Completed
11. The Navigable Island Water-	Completed
12. Canada Land Inventory Project	Completed
13. Northern Ontario Resources Study	Completed
14. An Analysis of Federal and Provincial Involvement in Flood Control and Water Conservation in Ontario	In abeyance
15. Federal Resource Structures Historical Aspects of the Commission of Conservation	In abeyance
16. An Analysis of Federal Resources Policy Co-ordination	In abeyance
17. An Analysis of Co-operative Planning for the Fraser River	In abeyance
18. Quebec Resource Policies and Programs from 1867-1893	In abeyance
19. Detailed Annotation of Federal Resource Policies and Programs from the Papers of Sir Clifford Sifton, Minister of the Interior from 1897 to 1905	In abeyance
20. Formation of the National Park System and the Role of Conservation	In abeyance
21. Index of House of Commons Debates for Resource Subjects from Conservation. An Index of Debates on Conservation from 1948 to 1968	In abeyance
22. An Analysis of the Origins of Federal Water Management in Canada	In abeyance
23. Case Study of a Large-Scale Agricultural Development	Continuing
24. Department of the Interior 1877-1905 Review of Published Material	Completed
25. Criminal Law as a Means to Pollution Control.	Draft Available

Specific contracts awarded by the Resources Research Centre in 1968-69 and 1969-70 are as follows:

26. A study of the Socio-Economic Structure of the Heartland-Hinterland Industrial Environment; Dr. Michael Ray; expected completion date—November 30, 1969.

27. Hamlet Development Plans & Musquodoboit Watershed Land-Use Control Instrument; Professor H. Spence-Sales; study completed.

28. Distribution of Gravel Deposits in Prince Edward Island; Dr. H. Foster; expected completion date—October 31, 1969.

29. The Role of Perceptions and Attitudes: Symposium on Attitudes In Resources Management; Professor W. R. D. Sewell and Professor Ian Burton; Symposium will be held in April or May of 1970.

30. Examination and Description of the Canadian Urban System to Identify Major Factors Underlying Differences in Urban Growth Rates; Mr. W. A. Hamilton; expected completion date March 1970.

31. Early operations of the Department of Marine and Fisheries; Mrs. Ann Cornellier; report overdue.

2. Most of the studies have been undertaken or are being undertaken by personnel of the Centre; and in virtually all studies of

[Mr. Greene.]

this nature, more than one member of the staff of the Centre was involved in each study. Items numbered 26 to 31 inclusive are being done by outside consultants under contract. The consultant for each contract is named and the status of completion of each study has been shown so far as is possible at this time.

STUDIES BY ECONOMICS BRANCH, NATIONAL ENERGY BOARD

Question No. 88—**Mr. Thomson:**

1. For the fiscal years 1968-69 and 1969-70, what specific research studies have been undertaken by the Economics Branch of the National Energy Board?

2. Who are the individuals involved in these studies and when is it anticipated that these studies will be completed?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): National Energy Board advises: 1. The Economics Branch of the National Energy Board has contributed to a number of research studies undertaken by the staff of the Board. Such studies are in most cases directed to meet the internal needs of the Board and the government. A study, "Energy Supply and Demand Balances: 1955-1967" was published during 1968-69 and a supplement to this publication was published during 1969-70. The Economics Branch has also made a substantial contribution to the preparation of a long-term energy forecast, "Energy Supply and Demand in Canada and Export Demand for Canadian Energy: 1966 to 1990", which has just been published.

2. Research studies involve members of the staff of the National Energy Board other than those of the Economics Branch. It would not be meaningful, therefore, to name those associated with economic research studies at the Board.

CABINET COMMITTEE ON ADVERTISING

Question No. 97—**Mr. Mather:**

1. Is there a government cabinet committee on advertising by the Government of Canada and if so, who are the members of this committee?

2. Is the President of the Treasury Board, the Chairman of this committee?

3. What are the specific functions of this committee?

Hon. Donald S. Macdonald (President of the Privy Council): At the present time there is no committee on advertising within the Cabinet structure, but the Government is reviewing the recommendations of the Task Force on Information, including the recommendation that "a committee of Ministers be charged with the task of developing effective information policies and facilitating a more coherent and economical approach by the executive to the federal information function".

NATIONAL FILM BOARD BUDGET

Question No. 121—**Mr. Orlikow:**

1. What is the 1969-70 fiscal budget of the National Film Board?

2. What is the current staff of the National Film Board?

3. How many staff members are expected to be affected by the current budget freeze?

4. How much time notice has been given to those staff members due to be laid off?

5. How much compensation has been given to those staff members affected by the NFB reduction?

Hon. Gérard Pelletier (Secretary of State): I am informed by the National Film Board as follows: 1. $16,701,000.

2. Full time, 1006; part time, 29; Total 1035.

3. Full time staff will be reduced by 35 by January 15, 1970 and by a further 55 by March 15, 1970. The reduction will be effected as far as possible by attrition (resignations), the balance by lay-off.

4. Three months.

5. Severance pay at the rate of one week's salary for each year of service is paid to laid off employees who have at least one year of service in some cases, or at least four years of service in others, depending on the terms of the applicable collective agreement.

APPLICATIONS FOR REMISSION OF DUTIES ON MACHINERY

Question No. 124—**Mr. Benjamin:**

1. How many applications have been received by the Machinery and Equipment Advisory Board for the remission of duties on machinery imported into Canada?

2. How many applications have been rejected?

3. What is the value of the applications approved and the applications rejected?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): For the period January 1, 1968 to October 31, 1969: 1. 33,659.

2. 3,904.

Questions

3. (a) Value listed in applications approved, $2,035,954,550; (b) Value listed in applications rejected, $402,187,337. Note: The value of approved applications is greater than the value of actual imports subject to remission, because many applications are submitted and approved so that the applicant can quote firm prices for machinery which may or may not be imported.

NATIONAL DESIGN COUNCIL EXPENDITURES

Question No. 127—**Mr. Barnett:**

For the fiscal years 1966-67, 1967-68, 1968-69 and 1969-70, what have been the expenditures of the National Design Council for scholarships and grants?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce):

	Scholarships	Grants
1966-67	$ 4,250	$ 18,880
1967-68	24,500	40,575
1968-69	25,550	111,697
1969-70*	65,140	44,448

*Up to October 31, 1969 inclusive.

NATIONAL CONSTRUCTION INFORMATION CONSULTANT REPORT

Question No. 137—**Mr. Skoberg:**

1. Was there a competitive tender for the consultant report to be prepared by Demers, Gordon and Baby of Montreal and Hanscomb Roy Associates of Montreal, on the development of a national construction information system for the Department of Industry, Trade and Commerce and, if not, for what reason?

2. What is the estimated expenditures for this consultants' report?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. Yes. Competitive tenders were called.

2. The estimated expenditures for the consultants' reports are $367,410.

NORTHWEST TERRITORIES BUDGET

Question No. 144—**Mr. Howard (Skeena):**

1. Were there any discussions between the Department of Indian Affairs and Northern Development and the Territorial Council of the Northwest Territories regarding the 1970-71 budget for the Territories?

2. Were there any discussions between the Department of Indian Affairs and Northern Development and the Territorial Council of the Yukon regarding the 1970-71 budget for the Yukon?

[Mr. Pepin.]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Budget proposals for 1970-71 were developed by the N.W.T. Government administration after extensive discussions with the Department of Indian Affairs and Northern Development. Details of the N.W.T. proposals have been discussed by the Interdepartmental Committee on Federal-Territorial Financial Relations of which the Commissioner is a member. Departmental staff are available to discuss the budget with Council should this be desired.

2. Budget proposals for 1970-71 were developed by the Yukon Government administration in conjunction with the Yukon Budget Programming Committee on the Territorial Council which includes three elected councillors. Extensive discussions have taken place between the Commissioner and his staff and the Department of Indian Affairs and Northern Development. Details of the Yukon Government proposals are generally left to that Government. The Yukon Government proposals are then discussed with the Interdepartmental Committee on Federal-Territorial Financial Relations of which the Commissioner is a member. The resulting budget is then discussed with the Commissioner and Departmental staff is available for direct discussions should this be the desire of Council.

NEWS RELEASE, COMPANY OF YOUNG CANADIANS

Question No. 145—**Mr. Howard (Skeena):**

1. What was the financial cost to the Department of the Secretary of State of the news release of September 26, 1969, announcing five appointments to the Company of Young Canadians' permanent council?

2. What criteria was used in the method of distribution of that news release?

3. What was the total cost of news releases of the Department in the last fiscal year?

4. Is the Department presently considering further press releases using the same method of distribution as in the Company of Young Canadians' release?

Hon. Gérard Pelletier (Secretary of State): 1. $148.15.

2. The content and nature of the news released warranted a fast and efficient method of distribution.

3. This information was provided in answer to Question 2,273, Mr. Robinson, tabled as an Order for Return, Wednesday, October 22, 1969.

4. Yes.

TELEVISION PROGRAM VIOLENCE—
INVESTIGATION BY CRTC

Question No. 149—**Mr. Mather:**

Is the Canadian Radio Television Commission undertaking an investigation into violence in television programming and if so, when is this investigation expected to be completed?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Radio-Television Commission as follows:

Yes. No date has been set for the completion of this report.

CRTC COMMERCIAL ADVERTISING
REGULATIONS

Question No. 152—**Mr. Mather:**

Is the Canadian Radio Television Commission presently considering regulations or guide-lines regarding T.V. commercial advertising and, if so, when is it anticipated that these regulations will go into effect?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Radio-Television Commission as follows: Yes. No date has been established for the release of these regulations.

NCS FOUNDATION

Question No. 157—**Mr. Saltsman:**

1. Was the NCS Foundation federally incorporated as a non-profit organization in 1961?

2. Who were its principal officers and directors when the Foundation received its federal charter?

3. Was the NCS Foundation dissolved in 1967 for failure to file an annual return required under the Canada Corporations Act?

4. For what years did NCS Foundation file an annual return under the Canada Corporations Act?

5. What other non-profit educational scholarship foundations have been incorporated with the federal government and who are the principal officers and directors?

6. Have each of these foundations submitted an annual report since their federal incorporation under the Canada Corporations Act and, if not, what action is contemplated by the Department of Consumer and Corporate Affairs?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. Yes; N.C.S. Foundation was incorporated by Letters Patent dated May 12, 1961.

2. The applicants who were the provisional directors were: "Donald Roebuck Walkinshaw, of the Township of Etobicoke, in the Province of Ontario, one of Her Majesty's Counsel learned in the Law for the said Province of Ontario, Donald Harrison Walkinshaw, Insurance Agent, and James Beecham Trotter and Bruce Campbell North, Solicitors, of the City of Toronto, in the said Province of Ontario, and Eunice Allicock, of the Township of Scarborough, in the said Province of Ontario, Secretary."

3. The corporation has been dissolved according to the provisions of subsection (12) of section 125 of the Canada Corporations Act on June 24, 1967, by an order published in Part I of the Canada *Gazette* on the same date.

4. The company never filed any annual returns.

5. This information is not available as there is no index of companies by types of objects.

6. Not applicable.

NUCLEAR POWER STATION BIDS BY
ATOMIC ENERGY OF CANADA LIMITED

Question No. 172—**Mr. Broadbent:**

1. For the years 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968 and 1969, what formal bids have been submitted by the Atomic Energy of Canada Limited to other countries for nuclear power stations?

2. In each case, what was the financial amount involved and was the bid successful?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited advises as follows: 1. and 2. 1960-1967 inclusive, nil; 1968—Atomic Energy of Canada Limited assumed nuclear power marketing responsibility in July 1968. No formal bids were submitted during 1968. 1969—During 1969 a preliminary offer was made to Greece which was not taken up; this offer was valued at $75 million to Canada. A formal bid has been submitted to Rumania. This bid is currently under negotiation.

KNOWPLACE SCHOOL—CYC FINANCIAL
SUPPORT

Question No. 184—**Mr. Orlikow:**

1. What financial support did the Company of Young Canadians give to the Knowplace School in Vancouver in each year since the Company of Young Canadians has supported the school?

2. How many staff members and how many Company of Young Canadian volunteers were supported in each year at the Knowplace School?

3. How many students are attending the school?

4. What fees are charged to the parents of each student?

5. What methods have been developed to channel successful new educational theories into the existing British Columbia school system?

Questions

Hon. Gérard Pelletier (Secretary of State): I am informed by the Company of Young Canadians as follows: 1. Year ending March 31, 1968, $13,542.00; Year ending March 31, 1969, $57,178.00.

2. Four volunteers and one staff person, per year, were supported by the Company of Young Canadians.

3. As of September 30, 1969, the C.Y.C. no longer supports Knowplace but when the school was operational, 22 full time students attended.

4. There was a standard fee of $25 per month or $75 per semester charged to the parents of each student.

5. Knowplace developed ongoing communication with educators, students and administrators in the Education Departments of both Vancouver universities through conferences and the media. Knowplace had also been involved in the training programme of special counsellors for the Vancouver Public School System.

CYC PROJECTS

Question No. 187—**Mr. Orlikow:**

1. (a) How many projects was the Company of Young Canadians involved in for the year 1969 (b) where were these projects in operation and how many volunteers were involved in each project (c) how were these projects chosen for support by the Company of Young Canadians (d) what criteria are used in choosing between suggested projects?

2. (a) How many of the projects in which the Company of Young Canadians has been involved since its inception have been supervised or evaluated by or for the Company of Young Canadians as to performance, effectiveness, usefulness, etc. (b) if the evaluation has indicated defects or shortcomings in the projects, what steps were taken to eliminate the defects (c) how many projects in which evaluation indicated major defects were phased out?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Company of Young Canadians as follows: 1. (a) In the year 1969, the Company of Young Canadians was involved in 37 projects across Canada. (b) The location of the projects and the number of volunteers is as follows: B.C., 5 projects, 23 volunteers; Alberta, 2 projects, 14 volunteers; Northwest Territories, 1 project, 7 volunteers; Saskatchewan, 1 project, 3 volunteers; Ontario, 9 projects, 41 volunteers; Quebec, 18 projects, 69 volunteers; Maritimes, 1 project, 5 volunteers. (c) The Council of the Company of Young Canadians accepts or rejects project submissions. During the year 1969, the Interim Program Committee of the Provisional Council received and studied all submissions for projects and made recommendations to the Provisional Council for acceptance or rejection of these submissions. (d) The criteria used by the Interim Committee for choosing between projects is the need shown by the requesting community in relation to the current resources of the C.Y.C.

2. (a) All projects in the C.Y.C. have had staff people assigned from an on-site, regional or national level. Most projects have been evaluated at one point and presently the new Council is defining an evaluation procedure to be applied throughout the C.Y.C. (b and c) As a result of evaluation, many projects underwent various degrees of change as recommended and at least nine projects were phased out.

[Mr. Orlikow.]

SUBSIDIES TO CANADIAN ARCTIC PRODUCER

Question No. 191—**Mr. Laprise:**

1. How much was paid in subsidies to the Canadian Arctic Producer for publicity in connection with Eskimo products in each of the last five years?

2 Of these amounts, how much was allocated to New Quebec?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Canadian Arctic Producers Limited has not received any direct subsides from the Department of Indian Affairs and Northern Development for publicity. The Department has had annual contracts with the Company to carry out marketing services including advertising and promotion since 1965 for all Eskimo producers including their co-operatives, other producer groups and organizations.

2. While no subsidies per se are paid to Canadian Arctic Producers, they have advised us that the following amounts have been spent as part of their total operating expenses on publicity: 1965-1966, $606; 1966-1967, $3,685; 1967-1968, $12,807; 1968-1969, $11,700 (up to end of September 1969; the year end is on October 31, 1969). These expenditures are not recorded by Regional allocations.

GOLD MINING ASSISTANCE ACT

Question No. 193—**Mr. Laprise:**

Is the government planning to renew the Gold Mining Assistance Act?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): An Interdepartmental

study group is presently examining the implications of the termination of the Emergency Gold Mining Assistance Act which expires on December 31, 1970. A decision concerning the renewal of the Act will be made after the report of the study group is received in the early summer of 1970.

OTTAWA UNION STATION—COST OF RENOVATION

Question No. 230—**Mr. Peters:**

1. How much is the Government of Canada spending on the renovation of the old Ottawa Union Station?

2. What are the annual rent costs to the Government of Canada of the old Ottawa Union Station?

3 When was the decision to renovate the Ottawa Union Station taken?

4. When did the Prime Minister issue guidelines to the government departments regarding future expenditures?

Hon. Arthur Laing (Minister of Public Works): 1. Approximately $625,000 according to current planning.

2. The building is Crown-owned and is leased by National Capital Commission to the Department of Public Works for $1.00 per annum.

3. August 29, 1969.

4. August 13, 1969.

DAIRY INDUSTRY—MODERNIZATION PROGRAM

Question No. 233—**Mr. Gleave:**

1. When is it anticipated that the program designed to encourage the modernization of dairy processing and manufacturing plants initiated by the Department of Industry, Trade and Commerce will be implemented?

2. When was this program first developed?

3. When was it mentioned in the Department of Industry, Trade and Commerce's annual report?

4 How many civil servants and outside consultants were involved in the preparation of this program?

5. What is the estimated cost, including salaries, in the preparation of this program?

6. Why was this program delayed implementation during the last fiscal year?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. It is felt that implementation will be dependent on two main considerations: (a) The recommendations of a dairy industry advisory committee, made up of senior executives of the National Dairy Council, which has been asked to review the proposed program and advise the Department on the degree by which the industry is prepared to support the program; (b) The priority the Government is able to give such programs.

2. The program was developed as a result of a study initiated in 1965 and completed late in 1967.

3. In the Department of Industry's Annual Reports of 1965 and 1966.

4. Several civil servants were involved, totalling an estimated one-man year and one outside firm of consultants.

5. Approximately $45,000.

6. Within the fiscal limitations of the Department, it was not possible to give this program a priority which would have allowed implementation in the 1968/69 fiscal year.

PUBLIC SERVICE PAY INCREASES

Question No. 272—**Mr. Lambert (Edmonton West):**

1. What was the date of the last general salary and wage increase granted to the Public Service of Canada prior to April 1, 1963, its effective date, and what was the percentage increase?

2. From April 1, 1963 to date, what have been the dates (both of publication and coming into force) of any general salary and wage increases for the Public Service of Canada and what was the average percentage increase for each such increase (for the period during which collective bargaining has been in force—a general average rate is suitable)?

3. What cumulative average percentage increase does the salary and wage level in the Public Service of Canada as at present date reflect when compared to the relative salary and wage level of April 1, 1963?

Hon. C. M. Drury (President of the Treasury Board): 1. Prior to April 1, 1963, salary and wage increases in the Public Service of Canada were not granted on a general basis. They were granted on a cyclical basis by employee group and the last cyclical increases granted were as follows: On December 5, 1962, the group of employees, now known as the Administrative and Foreign Service and Administrative Support Categories, received a pay increase of 3.4 per cent retroactive to October 1, 1961. On July 9, 1963, a pay increase of 7 per cent retroactive to October 1, 1962, was granted to the group of employees now known as the Operational and Technical Categories. The weighted average increase in rates of pay of the employees in the above Categories was 5.7 per cent.

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2. The dates and the average percentages of the salary increases for the Public Service of Canada from April 1, 1963 to December 31, 1966 are as follows:

Category	Date of Publication	Date of Coming Into Force	Percentage Increase
Scientific and Professional Category	20-3-64	1-7-63	4.4
Administrative and Foreign Service and Administrative Support Categories	13-8-64	1-10-63	3.2
Operational and Technical Categories	14-7-65	1-10-64	7.6
Operational and Technical Categories	26-8-65	1-8-65	3.4
Scientific and Professional Category	31-3-66	1-7-65	9 to 11
Scientific and Professional Category	31-3-66	1-7-66	3.0
Administrative and Foreign Service and Administrative Support Categories	8-9-66	1-10-65	1.5
Administrative and Foreign Service and Administrative Support Categories	8-9-66	1-10-66	4.0
Operational and Technical Categories	1-12-66	1-10-66	7.0

The weighted average increase in the rates of pay of all Public Service employees for each year of the same period is the following:

1963 — 1.8 per cent
1964 — 3.1 per cent
1965 — 7.7 per cent
1966 — 1.7 per cent

In 1967, 1968 and 1969, the increases in pay were granted in collective agreements which were signed from April 29, to December 13, in 1968 and from February 23, to November 4, in 1969. These salary increases were effective on July 1, or October 1 of these years, starting on July 1, 1967.

Except for a 3 per cent interim increase granted at the initiative of the employer before negotiations started, the following indicates the general average rate of increase granted for the period during which collective bargaining has been in force.

1967 — 7 per cent
1968 — 7 per cent
1969 — 5½ per cent

[Mr. Drury.]

3. The cumulative average percentage increase of the salary and wage level in the Public Service of Canada at the present date compared to the relative salary and wage level of April 1, 1963 is 48.2 per cent.

ARMED FORCES SALARY AND WAGE INCREASES

Question No. 273—**Mr. Lambert (Edmonton West):**

1. What was the date of the last general salary and wage increase granted to members of the Armed Services of Canada prior to April 1, 1963, its effective date, and what was the percentage increase?

2. From April 1, 1963 to date, what have been the dates (both of publication and coming into force) of any general salary and wage increases for the members of the Armed Services of Canada and what was the average percentage increase for each such increase?

3. What cumulative average percentage increase does the salary and wage level in the Armed Services of Canada as at present date reflect when compared to the relative salary and wage level of April 1, 1963?

Hon. Léo Cadieux (Minister of National Defence): 1. PC 1963-1/735 dated 14 May 1963, effective 1 October 1962, with an average increase of 2.6 per cent.

2. Authorizing Authority and Date	Effective Date of Increase	Average Increase Per cent
PC 1965-1/363 of 1 March 1965	1 October, 1964	8.96
PC 1966-1/1833 of 27 September 1966	1 October, 1966	9.82 (see Note)
PC 1967-1984 of 12 October, 1967 PC 1967-1985 of 12 October, 1967	1 October, 1967	4.49
TB Minute 684459 of 21 November, 1968	1 October 1968	6.5
TB Minute 692350 of 9 October, 1969	1 July, 1969 (men and Medical, Dental, Legal Officers) 1 October, 1969 (all others)	6.5

Note: Effective 1 October, 1966, the salary concept was adopted for military pay and this required a number of adjustments to be made including the amalgamation of subsistence allowance and marriage allowance into the salary package. 9.82 per cent was the portion of the cost that was identified as a pay increase.

3. Subject to the Note under (2) approximately 41.8 per cent.

LOCATING IN NORTH OF EUROPEAN FIRMS

Question No. 275—**Mr. Laprise:**

1. As a result of the visit to Europe by the Minister of Indian Affairs and Northern Development, how many firms have decided or are proposing to locate in the Canadian North in the near future?

2. What is the amount of investment, if any?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. No firms have located per se in the Canadian North. However the firms of Agip Mineraria S.p.a. of Italy has established its mineral exploration company in Calgary and Deminex Deutsche Explorationsgesellschaft, m.b.H. of Western Germany, indicated in Ottawa that following detailed investigations they intend to seek entry into the Canadian Oil Industry. In Paris, the President of Chambre Syndicale de la Recherche et de la Production du Petrole et du Gas Naturel stated that their budget would be increased to avail themselves of opportunities in Canada.

2. It is not yet possible to determine the impact on investments in the North attributable to the Minister's promotional tour.

OTTAWA—COST OF CENTENNIAL CENTRE RENOVATIONS

Question No. 276—**Mr. Fortin:**

1. On what date did renovation work of the Centennial Centre in Ottawa begin?

2. What is the planned opening date of the new premises?

3. What use is planned for these new premises?

4. What will be the approximate cost of renovations to the building and what was the estimated cost?

Hon. Arthur Laing (Minister of Public Works): 1. Contract was awarded on August 29, 1969.

2. Completion date of the contract is November 29, 1969.

3. International, National and Provincial Conference facilities. Space is also provided for the Privy Council, Press and T.V. rooms and delegates' suites.

4. Approximately $625,000. according to current planning. Estimated cost was $600,000.

FAMILY ALLOWANCE AND OLD AGE SECURITY PENSIONS PAID IN FRONTENAC RIDING

Question No. 292—**Mr. Dumont:**

How much has been paid to residents of Frontenac County in Family Allowances and in Old Age Security pensions since June 25, 1968?

[*Translation*]

Hon. John C. Munro (Minister of National Health and Welfare): Family allowances and old age security statistics are not kept in such a way as to give an answer to this question.

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[*English*]

SHUSWAP RIVER DAM

Question No. 300—**Mr. Noble:**

Has the government given any consideration toward the construction of a dam on the Shuswap River as requested by the Salmon Arm Municipal Ratepayers Association when they apeared before the Standing Committee on Fisheries and Forestry?

Hon. Jack Davis (Minister of Fisheries and Forestry): The Department of Fisheries and Forestry has concluded a study of the ramifications of the proposal on the fishery resource and recommends against the construction of a dam on the Shuswap River in the interests of preserving this valuable resource.

POST OFFICE CLOSURES

Question No. 327—**Mr. Coates:**

1. How many post offices have been closed by the Post Office Department since June 25, 1968?

2. What is the breakdown of closures by province and by constituency within each province?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. 687.

2. (a) Newfoundland, 35; Nova Scotia, 79; Prince Edward Island, 25; New Brunswick, 59; Quebec, 123; Ontario, 145; Manitoba, 46; Saskatchewan, 73; Alberta, 75; British Columbia, 23; Northwest Territories, 2 and the Yukon, 2. (b) Existing statistical records do not include this information. It could only be obtained through an examination of hundreds of files, with consequent excessive cost.

TELEVISION RECEPTION FROM CKBI-TV

Question No. 354—**Mr. Thomson:**

1. Has the Canadian Radio and Television Commission received representations from the North Battleford Chamber of Commerce outlining dissatisfaction with the television reception that the Battlefords receive from CKIB-TV?

2. What action is proposed by the CRTC to deal with these representations?

3. Is the CRTC giving favourable consideration to allowing the Battlefords to receive reception from other channels?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Radio-Television Commission as follows: 1. Yes.

2. Steps have been taken to enquire into the causes of the dissatisfaction with television reception.

3. The CRTC is actively studying the extension of service in all parts of Canada.

[Mr. Munro.]

EXPLORATORY WELLS, MELVILLE ISLAND

Question No. 355—**Mr. Thomson:**

1. How many exploratory wells have been abandoned on Melville Island by Panarctic Oils Limited due to no commercial oil or gas discoveries?

2. At what level were each of these wells abandoned?

3. What was the total estimated financial expenditure in the drilling of these wells?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Two.

2. Panarctic Marie Bay D-02 abandoned on 24-9-69 at 4,175'. Panarctic Sandy Point L-46 abandoned on 2-8-69 at 6,895'.

3. Estimated drilling costs are as follows: Marie Bay D-02, $450,000; Sandy Point L-46, $750,000—Total $1,200,000.

LONG-RANGE TRANSPORT AIRCRAFT

Question No. 368—**Mr. Lambert (Edmonton West):**

1. In view of the proposal to reduce the strength of the Yukon aircraft from 12 to 4, what aircraft is to be used as a long-range transport for both personnel and equipment for Mobile Command and Transport Command?

2. What is proposed to be done with the 8 Yukon aircraft which are to be phased out of active service?

Hon. Léo Cadieux (Minister of National Defence): 1. In addition to the Yukon aircraft there are 23 Hercules which have the capability of carrying out long range transport for both personnel and equipment. Studies are continuing as to a replacement for the Yukon.

2. No decision has been taken yet regarding disposal of the Yukon aircraft being phased out in 1972.

INDIAN BAND FUNDS

Question No. 372—**Mr. Howard (Skeena):**

1. What amount of money is in Indian Band Funds as Capital Account?

2. What interest rate is paid to Indian Bands on this money and, if the interest rate varies, how much is covered and what interest rates?

3. What interest rate is currently applicable to Canada Savings Bonds issued in this year?

4. What amount of money is in Indian Band Funds as Revenue Account?

5. What interest rate is paid to Indian Bands on this money and, if the interest rate varies, how much is covered and at what interest rates?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. $27,000,000 as of November 10, 1969.

2. 7.24 per cent.

3. Average of 8 per cent.

4. Approximately $5,000,000.

5. 7.24 per cent.

CF-5—ACQUISITION OF IN-FLIGHT REFUELLING AIRCRAFT

Question No. 375—**Mr. Lambert (Edmonton West):**

1. At the time the decision was taken to procure the CF-5 as a tactical support aircraft for the Canadian Defence Forces, what consideration was given to and what decision was taken for the acquisition of an in-flight refuelling aircraft to increase the operational range of the CF-5?

2. What efforts have since been made to acquire such an aircraft and with what results?

3. What aircraft were considered and why were they rejected?

4. Has it now been decided to acquire such an aircraft and, if so, what aircraft, at what cost and what was the date of the decision?

5. If the answer to part 4 is in the negative, is it because there has been a change in the indicated role and use of the CF-5 as announced by the former Minister of National Defence?

Hon. Léo Cadieux (Minister of National Defence): 1. Immediately following the decision to purchase the CF-5, steps were taken to examine all available options that would give this aircraft a rapid world-wide deployment capability. Because of the financial restraints imposed on DND, it was recognized that any aircraft chosen as a suitable tanker would also have to adequately fulfil at least one other role, i.e., long range strategic transport.

2. After numerous studies and proposals the C141 was selected and recommended as the best aircraft available with a multi-role capability. Acquisition approval was given for the purchase of four C141 aircraft to provide an in-flight refueller for the CF-5 and a long range transport to augment airlift resources. However, when negotiating the purchase of the C141, Lockheed advised that due to the advanced stage of their production line shut down, they could not re-open the line for an order of less than eight aircraft. The possibility of purchasing used C141s from the USAF was also explored with negative results.

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3. Aircraft Type	Discarded in Favour of the C141 – because
KC 135	No new ones available No used ones available None available for lease
KC 130: or modified Yukon	Flies too slow and too low for a CF5 ferry operation which would necessitate a rendezvous mission rather than the air-to-air technique considered essential
VC10	Vickers advised they could not respond to our requirement due to production shut down.
DC8-62F or Boeing 707-320C	The C141 considered to be a more satisfactory military transport.
C5 Galaxy	Too large and too costly to be a practical tanker, however, an excellent transport aircraft.

4. No—the subject is under study.

5. No.

POWER, BAY OF FUNDY TIDES

Question No. 381—**Mr. Coates:**

1. What is the present estimated cost of the economic and engineering feasibility study into the harnessing of the Bay of Fundy tides from a power point of view?

2. What is the breakdown of financial responsibility between the participating governments?

3. What is the present estimated date for the completion of this study?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): 1. $2,300,000.

2. Canada is paying $\frac{2}{3}$ of the cost of this study, and New Brunswick and Nova Scotia are paying $\frac{1}{6}$ each.

3. The Atlantic Tidal Power Programming Board expects to complete its report on this study by about the end of the calendar year.

RAIDS ON NEWSPAPER OFFICES BY COMBINES OFFICIALS

Question No. 390—**Mr. Flemming:**

Was any examination made or raids conducted by officials under the Combines Investigation Act on any others newspaper offices in Canada, except the *Daily Gleaner*, of Fredericton, New Brunswick during the years 1966, 1967, 1968 and 1969?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Yes.

EXAMINATION OF RECORDS OF FREDERICTON "GLEANER"

Question No. 391—**Mr. Flemming:**

Was a request made for an examination of the records of the *Daily Gleaner* of Fredericton, New Brunswick prior to the raid on that newspaper office by officials under the Combines Investigation Act and, if so, by whom?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): The usual procedure was followed in this case, namely: the Director of Investigation and Research, having reason to believe that the Act had been or was about to be violated applied to the Restrictive Trade Practices Commission for a certificate allowing him to exercise the power of entry and search provided under section 10 of the Combines Investigation Act. To proceed in any other way would give rise to serious problems of proving the documentary evidence.

CLOSING OF CERTAIN POST OFFICES

Question No. 415—**Mr. Mazankowski:**

Is consideration being given to the closing of the following post offices in Alberta (a) Duvernay (b) Brosseau (c) Foisy (d) Lafond?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. (a) Yes; (b) yes; (c) yes; (d) It has been decided to retain the Lafond, Alberta Post Office which had been considered for closing.

LETTER TO PRIME MINISTER FROM PRESIDENT, RCAF ASSOCIATION

Question No. 436—**Mr. MacLean:**

Has the Prime Minister received a letter from Mr. Alex M. Jardine, National President of the RCAF Association on the matter of Canada's Defence Forces and, if so, has this letter been replied to and what was the nature of the reply?

[Mr. Greene.]

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Yes: an acknowledgement was sent to Mr. Jardine informing him that his letter was referred to the Minister of National Defence for study and further reply.

TOTAL STRENGTH, REGULAR AND RESERVE FORCES

Question No. 437—**Mr. MacLean:**

On the most recent date for which figures are available (a) what was the total strength of the Regular Defence Forces of Canada (b) what was the total strength of personnel in the sea, land and air environments respectively (c) what was the total strength of the corresponding three elements of the Reserve Forces on the same date?

Hon. Léo Cadieux (Minister of National Defence): As of 30 September 1969: (a) and (b) sea, 17,844; land, 36,675; air, 42,525—Total 97,044. (c) Sea, 2,330; land, 23,619; air, 789—Total 26,738.

*USE OF VIRUSES AS INSECTICIDES

Question No. 469—**Mr. Nesbitt:**

1. How soon is it expected that viruses will be available for use as insecticides, as referred to in the publication known as "News" issued by the federal Department of Agriculture, Issue No. 1346, for the week ending November 7, 1969?

2. Are precautions being taken to make absolutely certain that no dangerous effects will result from the proposed dissemination of viruses for insecticide or any other purpose, unlike the precautions advocated by scientists in the past with respect to DDT?

3. What are the details of the precautions in (2) above?

4. What scientists or scientific bodies have been or will be consulted with respect to the use of viruses as insecticides?

5. Has the government received warnings or any other information that would indicate that such use of viruses might be potentially hazardous?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the answer to the question is as follows: 1. Developmental work on the commercial use of viruses as insecticides has been undertaken by two companies in the U.S.A. No Canadian commercial production is currently anticipated. The first virus formulations specifically directed to the cotton bollworm and corn earworm in the United States are not likely to reach commercial status until 1971. This insect specific virus is not likely to have commercial application in Canada. Another virus which may be suitable for cabbage looper control in Canada is not likely to be available before 1973 for

a number of reasons, including evaluation of safety, efficacity and commercial suitability.

2. Viruses to be used as insecticides will have to be registered under the Pest Control Products Act and meet the requirements of the Food and Drugs Act insofar as acceptability is concerned. Fish, Wildlife and Forestry authorities will also be consulted in evaluating data to determine whether the insecticides should be accepted for registration under the Pest Control Products Act.

3. Precautions are those required under the Pest Control Products Act which include: (a) A full description of the insecticide including the chemical and/or biological properties of the active principle. (b) Evidence of effectiveness under field-use conditions. (c) Full description of the manufacturing process. (d) Assurance as to the safety of the product. (e) Approval of directions for, and conditions of use. (f) Any other measures which are deemed to be in the public interest to reduce risks.

4. Scientists in the Departments of Agriculture, National Health and Welfare, Indian Affairs and Northern Development and Fisheries and Forestry; United States Department of Agriculture and the World Health Organization. Also the Society of Invertebrate Pathology, the clearing house for information on insect pathogens used for insect control.

5. No. However, officials in departments having a responsibility for the control and use of insecticides are maintaining a watching brief on research papers and commercial developments both in Canada and in other countries.

QUESTION PASSED AS ORDER FOR RETURN

RESEARCH BRANCH STUDIES, MANPOWER AND IMMIGRATION

Question No. 1—**Mr. Knowles (Winnipeg North Centre):**

1. For the fiscal years 1968-1969 and 1969-1970 what specific research studies have been or are being undertaken by the Research Branch of the Department of Manpower and Immigration?

2. Who are the individuals involved in these studies, and when is it anticipated that these studies will be completed?

Return tabled.

Mr. Diefenbaker: In connection with starred question No. 268, Mr. Speaker, may I point out that this was asked by me on October 23, over a month ago. It concerns the total amount of expenditures by the Company of Young Canadians for 1969 and, further, the names of staff members who receive salaries between $10,000 and $15,000, over $15,000 and over $20,000. It seems inexcusable that a simple question like this should not be answered. As I understand the rules, starred questions are to be answered within three days, if we are to follow the course taken in the United Kingdom, and such delays as this can only indicate the terrible mess the finances of that organization must be in.

• (2:30 p.m.)

ORAL QUESTION PERIOD

INQUIRY OF THE MINISTRY

Mr. G. W. Baldwin (Peace River): I have a question for the Prime Minister, Mr. Speaker, based on his statement that our attention or the attention of the government—sometimes I do not know which is which—would be directed toward so-called genetic engineering beginning in the seventies, that is, next year.

Mr. Trudeau: Is this going to be funny?

Mr. Baldwin: If the government has any serious thoughts on this issue, is it the intention to provide an opportunity for discussion in a parliamentary committee at an early date?

While the right hon. gentleman is pondering the significance of that question, may I ask whether in making that statement he has taken into account the experience of the Hitler years in Germany in selective breeding? Is this an attempt to get the state back into the nation's bedrooms again?

OIL

STRAIT OF GEORGIA—ISSUANCE OF DRILLING PERMITS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I direct a question to the Prime Minister, Mr. Speaker. Has he received representations from the board of the regional district of Nanaimo and other interested bodies regarding proposed oil drilling in the Georgia Strait and the coastal waters of British Columbia? May I also ask whether any decision has been reached on whether such oil drilling permits will be granted by the government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): I believe the question was whether I had

received any representations. I shall have to inquire whether any such representations were made.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Could the Prime Minister tell us by whom any definite decision would be announced on behalf of the government in respect of this matter, bearing in mind that on November 13 the Minister of Fisheries and Forestry announced in Vancouver that no drilling permits would be granted, and that in the House on November 18, as reported at page 934 of *Hansard,* the Parliamentary Secretary to the Minister of Energy, Mines and Resources stated there had been no change in departmental policy. Can the Prime Minister tell us which minister in the government will be able to give a definitive answer with respect to the granting of oil permits in the Georgia Strait?

Mr. Trudeau: For the time being the question is hypothetical. I shall get the petition and see whether and how we should answer it.

Mr. T. S. Barnett (Comox-Alberni): I should like to ask the Prime Minister by way of a supplementary question whether, when looking into this matter, he would determine what consultation with the federal government, if any, was undertaken by the government of British Columbia prior to the issuance of these drilling permits?

Mr. Trudeau: Yes, Mr. Speaker.

[*Translation*]

BANK OF CANADA

POSSIBLE ESTABLISHMENT OF BRANCHES FOR FINANCING UNDERDEVELOPED AREAS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I want to direct a question to the Prime Minister.

The Liberal party bigwigs having gone into an important retreat that took place behind closed doors in British Columbia over the week-end, was the establishment of regional development banks, as branches of the Bank of Canada, suggested to help the financing of underdeveloped regions in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I must point out that the question is groundless in every regard.

First of all, it was not a retreat behind closed doors. It was not a retreat, but an advance. And then, far from being closed, it was, on the contrary, a very open meeting, and no resolution such as the hon. member has mentioned was introduced.

Mr. Caouette: Mr. Speaker, I should like to ask a supplementary question.

Assuming that it was a very open meeting, would the Prime Minister be in a position to tell us if, on the other hand, the government intends during this session to introduce a bill to create regional banks?

Mr. Trudeau: No, Mr. Speaker.

[*English*]

Mr. R. Gordon L. Fairweather (Fundy-Royal): A supplementary question to the Solicitor General, Mr. Speaker. What is the minister doing to soothe the acute embarrassment caused by an over-zealous member of the RCMP, posing as a journalist, who attempted to prevent an invited guest from confronting the Liberal establishment at Harrison Hot Springs?

Some hon. Members: Oh, oh!

Mr. Speaker: Order.

EXTERNAL AFFAIRS

REQUEST FOR STATEMENT ON AID

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Would the minister make a statement on motions or in some other way to establish the government's position on external aid, in view of the extraordinary statement he is alleged to have made on the subject, namely, "I think we should give aid to promote revolution which is very much needed"?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am afraid I have been misquoted. What I did say was that "I think we should give aid even though revolution may result".

Some hon. Members: Oh, oh!

Mr. Diefenbaker: That is worse than the original statement.

Mr. MacLean: A supplementary question, Mr. Speaker. In view of the innate sense of fairness of the Secretary of State for External Affairs, would it be fair to assume that he would not take for himself rights that he would not grant others, and that therefore any revolutionary activities carried on in

Canada by non-Canadian subversive elements have his approval and blessing?

Mr. Speaker: Order, please. It seems to me that the question is argumentative, though perhaps the minister is entitled to one supplementary reply.

URBAN AFFAIRS

INQUIRY AS TO APPOINTMENT OF SPECIAL COMMITTEE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, may I direct a question to the Prime Minister. Is the government giving serious consideration to recommending to the House the appointment of a special committee on urban affairs?

Right Hon. P. E. Trudeau (Prime Minister): Not at this time, Mr. Speaker.

EXTERNAL AFFAIRS

BIAFRA—AGREEMENT RESPECTING DAYLIGHT RELIEF FLIGHTS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Secretary of State for External Affairs. In reply to a question from the hon. member for Egmont on Wednesday last the minister stated that the only agreement reached by the Red Cross with respect to daylight flights into Biafra was a signed agreement with Nigeria. Since that time has the minister's attention been called to an agreement dated August 27 signed by Professor Freymond and Dr. Cookey, representing the International Red Cross, providing for daylight relief flights into Uli and accepted by the Biafran authorities, and will the minister correct the no doubt unintentional misstatement he made at that time?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I can only repeat what I said, that the only agreement reached was the signed agreement between Nigeria and the International Red Cross, which the Biafran authorities did not agree to.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a supplementary question. Is it not correct that the agreement signed between the Nigerian authorities and the Red Cross was prior to the agreement signed by the Biafran authorities?

Mr. Speaker: Order. The supplementary is argumentative.

Inquiries of the Ministry

MANPOWER

STUDENTS—CHAMBER OF COMMERCE PROJECT TO PROVIDE SUMMER EMPLOYMENT

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, my question is for the honourable and learned Minister of Manpower and Immigration and is prompted by the welcome announcement that the Canadian Chamber of Commerce is undertaking a project to find jobs for half a million unemployed students. Can the minister advise whether his department is co-operating in this project, and has he any new major plans for dealing with this important problem?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the person in the Chamber of Commerce who is heading up this program, Mr. Scrivener, has been in touch with the department. We have discussed their plan and are very pleased with the initiative that is being taken. We hope it will succeed in mounting an even better community program for student summer employment next year. We have not yet made any decision about a new program for next summer because we have not yet evaluated the results of the program that was in force last summer.

ATLANTIC PROVINCES—INQUIRY AS TO PROGRAMS TO ALLEVIATE UNEMPLOYMENT

Mr. John Lundrigan (Gander-Twillingate): A supplementary question, Mr. Speaker. Can the minister say whether his department is planning any special programs to help alleviate the heavy unemployment in Atlantic Canada, a problem that is being accentuated by the non-discriminatory, anti-inflationary policies of the government?

Mr. Speaker: Order. The hon. member knows that kind of question normally should be replied to by way of a statement on motions. The minister may want to indicate whether he proposes to make such statement.

Mr. Lundrigan: On a point of order, Mr. Speaker, I was just asking the minister whether he was planning any programs, and I expect a very simple answer.

Mr. MacEachen: Mr. Speaker, any plans that will be implemented will be announced in the House in the regular way.

Inquiries of the Ministry

CONSUMER AFFAIRS

STEPS TO PROTECT CHILDREN FROM POISONOUS PRODUCTS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. It is prompted by a coroner's jury request that products such as lemon oil furniture polish be required to bear lables on the container which will more clearly warn of the poisonous nature of such products. What steps is the minister taking to ensure that our children will be protected from such hazardous products?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I would advise the hon. member that that question is more appropriately one for the Minister of Consumer and Corporate Affairs, who has responsibility for this matter.

IMMIGRATION

ENTRY OF BLACK PANTHERS INTO CANADA

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Manpower and Immigration related to a question I asked in the House last Friday of the then Acting Prime Minister, the Solicitor General. It has to do with complaints from the governments of Saskatchewan and Alberta concerning the activities in this country of the Black Panther's organization. Is the Minister of Manpower and Immigration in a position to answer the question now or, indeed, the Solicitor General, since I understand that three of them have been kicked out of Canada?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I have examined the question and in reply I would say that three members of the Black Panthers were admitted to Canada last week to attend various functions at universities in the west at the invitation of the students unions at these universities. These people were admitted under the policy that we have been pursuing for a considerable time, namely, that otherwise prohibited persons are permitted to visit the country for a short period at the invitation of a reputable organization if there is no evidence that any disorder will result. This policy was carried forward in this case.

However, it was later discovered that two of the persons had misrepresented their identities at the border. When this was discovered an inquiry was held and an order of deportation was effected. In addition, two of these persons were prosecuted and fined for the misrepresentation which took place at the border. This was an issue aside and apart from implementation of the policy respecting admission of prohibited persons into Canada for short periods.

ROYAL CANADIAN MOUNTED POLICE

ALLEGATION OF HARASSMENT AT LIBERAL CONFERENCE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Solicitor General. In view of the fact that the Minister of Justice has already expressed concern about a student's charge that RCMP officers harassed him at the Liberal conference at Harrison Hot Springs, can the minister indicate to the House whether he is at present undertaking an investigation of this matter?

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, the minister already has.

Mr. Nystrom: A supplementary question, Mr. Speaker. Can the minister indicate to the House what are the results of this investigation?

Mr. McIlraith: Yes, Mr. Speaker, the minister can. Two members of the RCMP on duty last Thursday afternoon were called in to remove certain persons who were loitering around the hotel. After this was done the person concerned came into the hotel. He was wearing jeans at the time, long hair and dressed somewhat similar to them.

Some hon. Members: Shame!

Mr. Bell: Explain.

Mr. Speaker: Order, please.

Mr. Fairweather: What colour—green jeans, blue jeans?

Mr. Speaker: I wonder whether there was wisdom in allowing the question in the first instance. I do not see that the question as asked is one that should be allowed at this time. I also wonder whether the minister should be entitled to continue his explanation.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: I appreciate that hon. members may be—

An hon. Member: Unanimous.

Mr. Speaker: —enjoying the situation, but I doubt whether it would be in order to pursue the matter. I might say that when the hon. member for Fundy-Royal asked the same question originally I thought it should not be allowed because I do not consider the question asked to be one of national urgency.

Mr. McIlraith: Mr. Speaker, if I leave the answer at the point at which I was it would do an injustice to the man concerned. This would be quite unfair. In the circumstances I believe I should be permitted to complete the answer, the question having been asked. If there is not to be an injustice done to the person involved, I believe the answer should be permitted. The answer is that this person did not go, as did the other guests, directly to the place of registration. They intercepted him—

An hon. Member: That was Russ Jackson.

Mr. McIlraith: —and asked him if he was there in connection with the conference. He promptly said he was and produced his identification. They apologized immediately and profusely. He seemed to be satisfied at the time that the incident was closed.

Mr. Speaker: I wonder whether the minister is now satisfied that the answer has been given.

Some hon. Members: More, More!

Mr. Speaker: Order, please. I must make the statement that this is not a matter of such national urgency that a supplementary question should be allowed at this time. If the hon. member wishes to pursue the matter he might ask a supplementary at the time of adjournment.

Mr. Lewis: I rise on a point of order, Mr. Speaker. With the very greatest respect to you, sir, another question might have received an answer in respect of the behaviour of the Royal Canadian Mounted Police officers involved at the place and at the time, which does make it a matter of national concern. If I may say so with respect I would urge Your Honour not to dismiss the consideration of this matter, because the reports in the newspapers indicate that these police officers disguised themselves as press representatives and had—

Mr. Speaker: Order, please. It seems to me we are going to spend some time on this matter and therefore we might as well have the supplementary as a lengthy point of order. I will allow the supplementary.

Mr. Nystrom: Mr. Speaker, could the Solicitor General indicate to the House whether it is common practice to have RCMP undercover agents masquerade as members of the press?

Mr. McIlraith: No. I think, however, I should answer the part of the question referring to the reports in the press about the wearing of a press badge, which is properly a matter of some concern to the public. The members of the RCMP did not disguise themselves in any way, but shortly before this incident they were requested by the hotel manager to accept these badges so that they would not be questioned because they were there without any identification. The badges were provided for them. I think they ought not to have accepted the badges.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, so that other people will not find themselves in the position of being picked up or pushed out if they attend a Liberal meeting, would the minister say whether the action taken was under some anti-pollution provision?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Having heard the original question, the supplementary and the point of order I believe I was right in my opinion at first that there was some doubt whether the question should be allowed at all.

Mr. Burton: Mr. Speaker, a further supplementary—

Mr. Speaker: Order, please.

AGRICULTURE

REQUESTED RECONVENING OF STANDING COMMITTEE

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Agriculture. In light of the many serious problems facing the Canadian agricultural industry and in view of the fact that a month has now elapsed since the session commenced, will the minister take immediate steps to reconvene the Standing Committee on Agriculture in an endeavour to solve these basic problems?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, in my opinion there is no doubt that this committee will be reconvened to

consider matters that Parliament will refer to it, including some legislation as well as a number of reports which traditionally and properly are referred to that committee. Once the committee is reconvened the matters it takes up are, of course, under its own control.

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. René Matte (Champlain): Mr. Speaker, I have a question for the Prime Minister. Could he tell the House whether at the Liberal party think-in over the weekend it was suggested to apply the theories of Social Credit to solve the problem of poverty?

[*English*]

GRAIN

WHEAT—EXPORT FORECAST—REMOVAL OF LAND FROM PRODUCTION

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the statement made this morning by the chairman of the Economic Council of Canada that two recent studies indicate that in the next five years exports of wheat may be 25 per cent below the level of the last few years, may I ask whether the government shares this view and whether it anticipates the removal of millions of acres of western agricultural land from wheat production in that period?

Mr. Speaker: Order, please. The question as asked is much too wide in scope. The hon. member is asking whether the minister agrees or disagrees with a statement made outside the House. The question is not in order in those terms.

Mr. Korchinski: Mr. Speaker, may I ask whether the government anticipates the removal of millions of acres of western agricultural land from wheat production in the next five years?

Mr. Speaker: The question should be placed on the order paper.

EXTERNAL AFFAIRS

ACTION TO BAN UNDERGROUND NUCLEAR TESTING

Mr. Barry Mather (Surrey): Mr. Speaker, I have a question for the Secretary of State for External Affairs arising out of the statement made today by the Prime Minister concerning the agreement between the United States and the Soviet Union on non-proliferation of nuclear weapons. Having in mind the fact that the United States is said to be planning further massive nuclear tests at the present time in the northern Pacific, will Canada do what it can at the present session of the United Nations to bring about a ban on underground testing?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Yes, Mr. Speaker, we are working in that direction. We are applying all the pressure we can for a test ban treaty. It might be of interest to the hon. member to know that according to the information we have from the United States government no further tests will be held on Amchitka, where the original test was made, for a period of one or two years and may not be made at all depending on the results of the first test.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the minister whether in that interval Canada will make any representations to the government of the United States that testing not continue on Amchitka in view of the serious consequences it could have because the anticipated tests are to be much larger than the test held this fall?

Mr. Sharp: Mr. Speaker, the hon. member will recall that the reason we made our representation on the previous occasion was the danger that because of a fault there might be a tidal wave or earthquake generated by the test. We will be following the results of the test and if we find any reason to make further representations we will do so.

Mr. Thomas S. Barnett (Comox-Alberni): I have a supplementary question, Mr. Speaker. I should like to ask the Secretary of State for External Affairs if he has any information on whether the earthquake which resulted in a recent tidal wave alert on the Pacific coast, though fortunately it did not result in a tidal wave, had any relationship to the test on Amchitka? If he does not have that information, can he secure it from the United States?

Mr. Sharp: I will make inquiries about that. There were some earthquakes about the time of the former tests but they were before the tests were made so it would have been very difficult to establish any relationship between the two. However, I will make inquiries whether the scientists see any connection between them.

AGRICULTURE

POTATOES—REQUEST FOR COMPENSATION FOR NEWFOUNDLAND FARMERS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): I have a question for the Minister of Agriculture of which I have given him notice. Would he be prepared to consider granting compensation to Newfoundland farmers who suffered serious losses to potato crops owing to early frost damage, and would he advise what can be done to assist the farmers in this emergency?

Hon. H. A. Olson (Minister of Agriculture): As the hon. member is aware, the responsibility for providing assistance in cases of this kind rests with the provincial authorities. In the past there have been occasions when the cost of providing assistance has been such as to cause serious financial problems, and federal funds were provided to assist the provinces in carrying out their responsibilities to producers. However, recently the federal contributions for crop failures have generally been confined to those made under the Crop Insurance Act. Up to the present time, we have received no representations from Newfoundland to the effect that they wish crop insurance to be introduced.

ASSISTANCE TO WESTERN FARMERS

Mr. G. W. Baldwin (Peace River): I have a supplementary question, Mr. Speaker. Is the government taking or considering any action to provide relief for a large number of farmers in Canada, particularly in the west, who are unable to meet their obligations as they fall due because of the situation there? This is a responsibility which, in the past, has been assigned to the federal government by legislation.

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker, very positive action has been taken, and part of it was announced by the Minister of Agriculture a week ago last Friday.

SCIENCE SERVICES

INQUIRY AS TO ESTABLISHMENT OF MINISTRY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. Now that the Prime Minister has received the report of the OECD on Canada's science policy, does he intend to act on one of its central recommendations and establish a ministry solely responsible for science policy?

Right Hon. P. E. Trudeau (Prime Minister): We have a minister responsible for science policy, Mr. Speaker.

Mr. Broadbent: I have a supplementary question, Mr. Speaker. Apparently the Prime Minister misunderstood my question. I asked whether the Prime Minister is considering establishing a ministry responsible solely for science policy?

Mr. Trudeau: We may consider naming some more Ministers without Portfolio, if the opposition does not object.

Mr. Bell: Is there anybody left?

[*Later:*]

Mr. Broadbent: Mr. Speaker, I would like to come back to the question of science policy and ask the Prime Minister if, for once, he would try to give a serious answer to a serious question—

Mr. Speaker: Order, please.

Mr. Trudeau: It was a serious answer, Mr. Speaker.

EXTERNAL AFFAIRS

UNITED ARAB REPUBLIC—CENSORING OF MINISTER'S PRESS CONFERENCE

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a question for the Secretary of State for External Affairs. Do the accounts of the minister's press conference held during his visit to the United Arab Republic give grounds for the belief that the minister's remarks were censored by government officials of that country?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Yes, Mr. Speaker.

Mr. Fairweather: I have a supplementary question, Mr. Speaker. Has the minister formally protested against this act of discourtesy, and what steps has Canada taken to ensure that the homes of embassy officials are free from search and other harassment?

Mr. Sharp: I do not see the relevance of the second part of the question. As to the first, I am not quite sure whether my department has yet made a formal protest, but at least one will be made and I may make one myself to the ambassador of the United Arab Republic.

[*Later:*]

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I wish to direct a question to the

Secretary of State for External Affairs concerning the press conference referred to by my hon. friend from Fundy-Royal. Does the minister happen to have an uncensored transcript of the press conference so that we might know what remarks were deemed dangerous?

Mr. Sharp: Mr. Speaker, the Canadian press reporters who were present reported my comments, I think, fairly well in full. If the hon. member reads their reports, he will find what I did say.

[*Translation*]

AGRICULTURE

DAIRYING—INQUIRY AS TO REDUCED GRANTS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to ask a question to the Minister of Agriculture.

According to some report heard at noon, the Department of Agriculture intends to reduce by several millions of dollars subsidies to dairy producers. Could the minister confirm or deny such report?

Mr. Speaker: Unfortunately, the question as worded is unacceptable.

[*English*]

CANADA PENSION PLAN

EXEMPTION OF OLD ORDER MENNONITES

Mr. Max Saltsman (Waterloo): I have a question for the Minister of National Health and Welfare. It concerns the granting of exemptions to the Old Order Mennonites. Has this matter gone before the cabinet and what is the cabinet's decision on the granting of such exemption?

Mr. Speaker: The question as asked is not in order.

REGIONAL ECONOMIC EXPANSION

NEW BRUNSWICK—INQUIRY AS TO GROWTH CENTRES

Mr. Thomas M. Bell (Saint John-Lancaster): I have a question for the Minister of Regional Economic Expansion, of which I have given him notice. It is in connection with meetings held in New Brunswick. Has the minister decided that there will be five growth centres in that province and, if so, when will the areas be officially announced? Can he supply any other information on that subject?

[Mr. Macquarrie.]

Hon. Jean Marchand (Minister of Regional Economic Expansion): No, I cannot supply any information at this stage. Shortly, we will be in a position to announce where the growth centres will be, but this has not yet been agreed upon by the provincial governments and the federal cabinet.

Mr. James A. McGrath (St. John's East): I have a supplementary question, Mr. Speaker. Will the minister make a statement to the House once the government has decided on the growth centres in the Atlantic provinces?

Mr. Marchand (Langelier): I do not know whether I will make a statement in the House, but I will certainly make a public statement. I do not mind telling the House where the growth centres will be when a decision has been reached.

An hon. Member: Thank you very much.

FUTURE OF FAIREY OF CANADA PLANT

Mr. J. M. Forrestall (Dartmouth-Halifax East): I have a related question for the Minister of Regional Economic Expansion. Can he say whether or not his departmental officials have made any progress in the last week or so toward providing assistance to ensure the future of Fairey Aviation of Canada?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I am afraid I cannot answer this question.

POLLUTION

INTERNAL COMBUSTION ENGINES—PLANS TO MEET PROBLEM

Mr. Randolph Harding (Kootenay West): I have a question for the Minister of National Health and Welfare. In view of the increasing apprehension and warnings from scientists everywhere of the danger to our environment through the pollution of the atmosphere by the use of our present internal combustion engines, has his department or any department of the government initiated any investigation, research or discussion on plans to meet this increasingly serious problem?

Hon. John C. Munro (Minister of National Health and Welfare): I am not aware precisely of how much research has been done by the government or by my department, but I do know that many discussions have taken place between various specialists in this field and specialists in my department.

LABOUR CONDITIONS

DISMISSAL OF EMPLOYEES AT U.S. BASES IN NEWFOUNDLAND

Mr. John Lundrigan (Gander-Twillingate): My question is for the Secretary of State for External Affairs. Can the minister say if he has received any representations from the Union of National Defence Employees that he hold discussions with his U.S. counterpart regarding Canadians dismissed by the United States at their bases in Canada?

Mr. Speaker: The question as asked is not in order. It is not sufficient to ask merely whether a minister has received representations.

Mr. Lundrigan: May I rephrase my question and ask whether the minister can indicate to the House what response he has made to the representations made by the Union of National Defence Employees respecting negotiations with his U.S. counterpart regarding Canadians employed at U.S. bases in Canada?

Hon. Mitchell Sharp (Secretary of State for External Affairs): It may be that I have received such representations. I will have to check, but I do not recall them.

Mr. Lundrigan: I have a supplementary question, Mr. Speaker. Can the minister indicate to the House the result of his recent negotiations with his U.S. counterpart regarding better arrangements for Canadians employed at U.S. bases in Canada?

Mr. Sharp: I did report on this subject in answer to a question some time ago and I stated that the results were not very favourable. The United States was not prepared to change its policies.

CONSUMER AFFAIRS

INCREASED OIL PRICES—EFFECT ON FARMERS

Mr. A. P. Gleave (Saskatoon-Biggar): I have a question for the Minister of Consumer and Corporate Affairs, but in his absence perhaps the Minister of Agriculture would answer it. On November 17, I asked the Minister of Consumer and Corporate Affairs whether he would instruct the Prices and Incomes Commission to investigate the increase in fuel oil prices. May I now ask the Minister of Agriculture, in view of the fact that virtually all the major oil companies have served notice they will increase their price in the area west of Ottawa by one cent a gallon, whether the government will now instruct the Prices and Incomes Commission to investigate what effect this price increase will have on farm production costs?

[*Translation*]

Mr. Paul Langlois (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the hon. member should know that the Prices and Incomes Commission is an independent body. We dare hope that the Commission is studying what relates to the oil companies and will report on the subject.

[*English*]

Mr. Gleave: Mr. Speaker, I wish to ask a supplementary question on this subject. I accept the Parliamentary Secretary's answer, but my question was: Will the minister ask the Prices and Incomes Commission to consider this problem?

DRUGS

ALLEGED INEFFECTIVENESS OF PRESCRIPTION PRODUCT—INQUIRY AS TO STATEMENT

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. A week ago, in answer to one of the numerous questions from this corner about his forthcoming statement on the alleged ineffectiveness of certain prescription drugs, he said he would try to make a statement "this week", which is now last week. Obviously he could not do so then and I want to know if he will be able to make the statement this week?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker, I am planning to make a statement on Thursday of this week.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO PRESENCE AT BROADCASTING COMMITTEE MEETINGS

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is directed to the Solicitor General and it is related to the musical ride series we had a little earlier in the question period. Are plainclothes members of the RCMP present at the current hearings on the Company of Young Canadians being held before the Standing Committee on Broadcasting, Films and Assistance to the Arts and, if so, what is the reason for their presence?

Hon. G. J. McIlraith (Solicitor General): I believe they are not, Mr. Speaker.

Mr. Rose: I wonder if the minister would be kind enough to look into this matter, Mr. Speaker.

Mr. McIlraith: Yes, Mr. Speaker, although I do not like unduly checking on committees of this House.

Some hon. Members: Hear, hear.

Mr. Rose: On a point of order, Mr. Speaker, I was not requesting that the Solicitor General check on the committees—God forbid. I asked him if he would mind checking to see if the RCMP are present at these hearings?

Mr. McIlraith: Yes, Mr. Speaker, I will be very glad to do that.

POST OFFICE

WINNIPEG—HIRING OF CHRISTMAS HELP BELOW MINIMUM WAGE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Communications. In view of the fact that the Post Office in Winnipeg is hiring Christmas help at a rate of pay below the Manitoba minimum wage, will the minister look into this matter with a view to correcting it?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Yes, Mr. Speaker.

CANADA PENSION PLAN

EXEMPTION OF OLD ORDER MENNONITES

Mr. Max Saltsman (Waterloo): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Has a decision been reached on the granting of an exemption from the Canada Pension Plan to the Old Order Mennonites?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I wish to thank the hon. member for giving me notice of this question. The government is still giving active consideration to this matter. One of the factors involved in this consideration is the practice followed in other countries, which we are now looking into, especially with regard to what this has meant in terms of administrative difficulties. I would hope I would be in a position to give a final decision on the matter within the next month.

[Mr. Rose.]

AGRICULTURE

INQUIRY AS TO BARBER COMMISSION REPORT

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. Has he received a request from the President of the National Farmers Union calling for the immediate release of the Barber Commission report? Would he also advise the House when we may expect the release of this report, whether there will be an interim report and, if so, when it will appear?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, quite obviously I cannot release the final report of the Barber Commission until I have received it, and I have not received it yet. There has been a further interim report, or what is more accurately described as a report dealing with a specific subject matter, that is, tractor and combine pricing patterns around the world. I have already answered that as soon as it is translated and printed it will be released. It cannot be done before that.

• (3:20 p.m.)

GOVERNMENT ORDERS

CANADIAN WORLD EXHIBITION CORPORATION

MEASURE WINDING UP EXPO

The House proceeded to the consideration of Bill C-6, to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. John Burton (Regina East) moved:

That Bill No. C-6, An Act to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith, be amended by deleting therefrom subclause (1) of clause 7.

He said: Mr. Speaker, the party is over and just about everybody has gone home, except those people who have been left with the job of tidying up some of the problems that were created over the past several years in the administration of Expo affairs. These are the people who have to figure out how the bills are to be paid. They are still on hand, and the bills do have to be paid.

A number of years ago an Expo Corporation was established by an Act of this Parliament. It was given the power to borrow money under guarantees from the government of Canada. The Corporation was also provided with a $20 million grant as a contribution from the government of Canada to the 1967 Exhibition. Loans were made and the Expo corporation did borrow money. When these notes came due the guarantee was honoured by the government of Canada and those amounts were entered in the books of the government of Canada as accounts receivable; in other words as assets of the government of Canada.

The Auditor General has taken objection to some of the methods used in handling these accounts. I had occasion to question him when he appeared before the Finance, Trade and Economic Affairs Committee, where this bill was being considered clause by clause, and in answer to my questions he made the following comments:

I can only direct you to the comments made in my last report to the House, where I refer to the recommendation of the Public Accounts Committee in which it stated:

"—and that amendments to the existing legislation be placed before Parliament and the Legislature of Quebec so that the additional grants could be made by the parties concerned, namely, Canada, Quebec and Montreal.

The Committee directed the attention of the House to the fact that unless these additional grants are provided, the Corporation's presently estimated total requirement of $143 million (less $40 million already provided by Canada, Quebec and Montreal) will have been financed by loans from Canada and the Corporation will be burdened with the cost of additional interest and at the conclusion of the Exhibition will not have the cash resources necessary for payment of its indebtedness to Canada.

The Auditor General noted that, in fact, an asset was being set up on the books of the government of Canada in the form of an account receivable from a Corporation that had no resources with which to pay that account receivable. He noted this later in further questioning when he said, and I quote from page 36 of the testimony on Monday, November 17:

Mr. Burton, my responsibility in connection with the making of this money in the form of loans was because they were treated as assets, as a balance sheet or a statement that I am required to certify. Do you think it is an asset to show an indebtedness from a corporation that does not have any means with which to discharge that debt, which is called an asset? I think, although it sounds an odd statement to make, that Mr. Bryce and I were kicking this around one day in the Public Accounts Committee when I described it as an operation which was like lending money to your wife, and then calling it an asset.

The Auditor General also noted that in the past several years loans were authorized by this Parliament to Expo Corporation when they may have been more properly made in the form of grants. I understand that these loans were made before my own tenure in this House. It was considered at that time that a significant portion of the money being lent would never be repaid since Expo Corporation would not have the resources with which to repay it. These amounts would have to be written off eventually by the government of Canada as an investment in this project. Mr. Henderson, in his testimony on Monday, November 17 also noted—I am quoting now from page 35 of the testimony:

It was started out with grants of, as you know, $20 million in the federal case. The normal or expected way would have been that there would have been an amount of money appropriated each year as you go along. As a result, there would have been an accounting of some kind given to justify it, and it would have appeared in the estimates. It would have appeared in the computation of the budgetary deficit or surplus in those years. To use the expression rather loosely, you would have been paying your way. Now you get the bill in one chunk at the end.

A number of criticisms have been made of the operations of Expo Corporation and some of these matters came under review during the course of the committee's consideration of this bill. It is not my intention to go into these items at the present time since it is expected that the Public Accounts Committee will probably be giving this matter rather more thorough study than was possible before the Finance, Trade and Economic Affairs Committee. At the same time, I think it is proper to note that consideration of the management of Expo finances was a proper matter for consideration of the Finance, Trade and Economic Affairs Committee since the management of those finances, in fact, does relate to the action which we are now being asked to approve. The fact is as well, Mr. Speaker, that some assets created through the Expo project, and as a result of the work of the Expo Corporation, have been taken over by other government agencies. This quite properly might be noted in appropriate fashion.

The question is now: How do we deal with the remainder of the bill? The fact is that it would appear the total contribution of the government of Canada to the work of Expo Corporation will amount to approximately

$142.9 million. Twenty million dollars of this amount has already been provided in the form of grants; the remaining $122.9 million remains as an account receivable by the government of Canada. The money has already been spent and, as already noted, errors may have been made in the earlier handling of these funds when they were approved by Parliament in the form of loans rather than outright grants, as suggested by the Auditor General of Canada. It is also clear that the national debt of Canada will be increased, regardless of how the present problem is handled; I think there is no question of that.

There are two alternatives in dealing with this problem of how to treat the $122.9 million in accounts receivable, which is certainly no longer collectible from the corporation. The first step would be to pass the legislation now before us which would simply write off this amount as an account receivable, remove it as an asset, and thereby increase the national debt by a corresponding amount. The second step would be to approve a parliamentary appropriation so that this amount would, in fact, be shown as an expenditure by the government. There would be a decision taken by this Parliament that the $122.9 million should be considered as a grant for the purpose of financing the 1967 Expo project. Under the present proposal, as I have already noted, the national debt will be increased and there will be no corresponding expenditure to account for this increase.

In his budget speech on June 3 Finance Minister Benson noted it was the intention of the government to ask for parliamentary approval of action to remove this account receivable and thus wind up the affairs of the Expo Corporation. At page 9421 of *Hansard* he is reported as follows:

> A further budgetary provision will also be appropriate under present circumstances. The final acounting for Expo '67 has now been carried out, and arrangements made for the settlement of the operating deficits incurred by the Expo Corporation, which Parliament will be asked to approve by legislation. The federal share of this deficit amounts to about $125 million, and I propose that this amount be written off completely as a budgetary charge during the current fiscal year...
>
> This will of course reduce the surplus on budgetary acount, but will not affect our cash position. After the adjustment, the net budgetary surplus now foreseen for 1969-70 thus stands at some $250 million.

Then, at page 9423 of *Hansard* we find this:

> These non-budgetary requirements for the current year will be financed in considerable part by the budgetary surplus which I have forecast at $375 million, before the write-off of the Expo deficit, which will give rise to another non-budgetary offset.

I suggest, Mr. Speaker, that there is some conflict between these two quotations which I have presented.

It seems to me there is no question about the legislation now before Parliament. Clause 7, subclause (1) of the bill, as it has been reported back by the committee will, in effect, constitute appropriate and adequate legislative authorization for the removal of this particular item from the accounts of the government of Canada. But the problem is, how will this action be reflected in the accounts of the government and in the accounts and reports of expenditures, as they will be shown to the people of Canada?

It seems to me, Mr. Speaker, that this is a matter for serious consideration. We should make sure the legislative measures adopted by this Parliament are in such form that the people of Canada will have a proper accounting of how their money was spent. I suggest that the proposal now before Parliament in the form of clause 7, subsection (1), as reported by the committee, will not result in a proper accounting of this expenditure to the people of Canada. First of all we had the loan; then, the loan was simply written off without any further accounting of what was, in fact, a grant to Expo Corporation and what constitutes an expenditure of public funds raised through taxation. Thus, I suggest that the alternative procedure should be to remove subclause (1) of clause 7 from the bill and to press upon the government the necessity of taking appropriate steps to bring in a supplementary estimate, to bring in another appropriation bill to deal with this item. In this way, the $122.9 million outstanding from the Expo Corporation, which is to be absorbed by the government of Canada, would be correctly shown in the public accounts as an expenditure by the government in what was certainly a worth-while national project. This procedure would convey the true story of these expenditures to the people of Canada.

• (3:30 p.m.)

I should also like to draw to your attention, Mr. Speaker, the need for consistency in dealing with contributions made by the Government of Canada out of public funds to Expo Corporation. As I noted earlier, $20 million was provided to Expo Corporation in the form of a grant as a result of the original legislation approved by parliament. It is in fact

noted in certain accounts, where this is shown, that the total that has to be borne by the Government of Canada is some $142.9 million. To be deducted from that is the grant that was made by the Government of Canada, leaving a net figure of $122.9 million. We have on the one hand $20 million which was granted to Expo Corporation in the form of a grant, which is quite properly shown as an expenditure of the Government of Canada and, on the other hand, we have the other $122.9 million that will be contributed to Expo by the people of Canada. This latter figure will simply show up as an addition to the national debt and no record of that will show up in the expenditures of the government. So, the total amount is really a grant to Expo Corporation and, in my view, it should be shown as such.

When this bill was before the committee I moved an amendment which I should like to place on record. I moved, "that clause 7 subclause 1 be deleted from the bill and that this committee recommend that consideration be given to a parliamentary appropriation as a more appropriate means of effecting the objective of writing off the item 'accounts receivable, Expo, guarantees' as shown on the accounts of the Government of Canada."

I must say, Mr. Speaker, that there was some response from the minister when I presented this amendment. Possibly he was embarrassed at having this matter raised, because he had suggested before that possibly he would place this matter before the Minister of Finance. I certainly appreciate that suggestion by the minister, because it shows that he is somewhat embarrassed at having to deal with this subject in this way. I thought he would like to find some other way of handling what is certainly a rather awkward problem for him in winding up the affairs of Expo. Nevertheless, Mr. Speaker, when the vote came all government members voted against my amendment. They were quite happy to see the proposal placed by the government before the House presented to the people of Canada, and to have public funds dealt with in this entirely inappropriate way.

The amendment I have now placed before the House, Mr. Speaker, carries forward the first part of the motion I moved in committee. It is not possible at this time for me to place a motion before the House which would give effect to the second part of my motion moved in the committee. I refer to the recommendation to the government and the House of Commons. Certainly, one consequence of the approval of the amendment I have placed before the House at this time would be to require the government to bring an appropriation before Parliament, as recommended in the second part of my motion in committee.

I commend to the House the amendment I have moved and hope that hon. members will approve it, that the government will reconsider its actions and that it will choose, instead, to bring forward a parliamentary appropriation to deal with the problem we are confronted with at this time.

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, the amendment before us deals entirely with the writing off of amounts of money up to $125 million. These consist of loans made to Expo which are uncollectible. Actually, an amount of $122.9 million appears on the books of the government as an asset. It cannot be collected and, of course, must be deleted in some way if we are to get any sort of true picture.

What we are really discussing at the moment is, what is the best or preferable method of dealing with this write-off; is it best done by introducing and passing a clause like clause 7(1) of this bill, or would it be better to deal with it by means of an appropriation bill.

I will not repeat the arguments of the hon. member who introduced the amendment. In my view, and I expressed my view in the committee, the more usual method of writing off uncollectible debts of this sort is for the government to bring in an appropriation bill. That is also a preferable method. I will, therefore, support the amendment.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I had not intended speaking on this matter until I read the gratuitous remarks of the Minister of Industry, Trade and Commerce (Mr. Pepin). I, therefore, feel that the circumstances connected with Expo should be placed on record so that it will be clear and definite.

Often it is asked: What were the circumstances connected with the beginning of this great project? Expo brought Canada to the attention of all the world. It was a tremendous project. Where did it have its beginnings?

My records show that the first person who brought up this matter and suggested that a world exposition would be a means of Canada's being known all over the world was Hon. Pierre Sevigny. He went into considerable

detail in connection with this matter. Subsequently, in Paris, the late Senator Marc Drouin, while attending an exposition in 1958, suggested in a speech that the time had come to inaugurate that great undertaking in Canada. Throughout there was the complete, enthusiastic, energetic and imaginative support of His Worship Mayor Drapeau. Immediately, recommendations came from various individuals. On September 5, 1958, a letter was received from Raymond Dupuis, President, Chamber de Commerce du District de Montreal, asking for support on behalf of an exposition to be held in 1967 in the city of Montreal.

• (3:40 p.m.)

On two occasions, the government which I had the honour to lead endeavoured to bring this about. The first occasion was at the meeting of the international Exposition board. The Soviet Union stepped in and asked for the exposition to be held in Moscow in commemoration of their fiftieth anniversary. Canada lost out by one vote. Later, the Soviet Union decided that it did not intend to go ahead, and we sent a representative to Paris in the person of Colonel Sevigny to bring about support for this exposition being given to Canada. The decision of the board was unanimous and the question of financing arose. There can be no doubt as to where the Government of Canada stood, despite the statements made by the minister in the committee and outside of this House. The question was, for how much should the federal government be liable? This question was discussed at length in co-operation not only with the municipal government of Montreal but with the government of Quebec. The then premier of that province, Mr. Lesage, gave the fullest co-operative support to the bringing about of an exposition toward which the three governments, federal, provincial and the municipal government of Montreal, would make their contributions. I emphasize the degree to which there was full co-operation among the three levels of government.

The determination as to the amount for which the federal government should be responsible was clear and definite. Section 11 of the Canadian World Exhibition Corporation Act reads as follows:

> The Minister of Finance, at the request of the Corporation, may, out of the Consolidated Revenue Fund, pay to the Corporation by way of grant such amounts as are required for the conduct of the business of the Corporation but the aggregate of all amounts paid to the Corporation under this section shall not exceed twenty million dollars.

[Mr. Diefenbaker.]

Now, by some method of false reasoning the minister has endeavoured to raise the smokescreen that sometime, someplace, I stated that we should not restrict ourselves to that amount if a few million dollars more voted by Parliament would make the exposition a success.

The sum of $40 million was the total amount of the contribution from all three levels of government. The city of Toronto was interested in having this exposition. It had had virtually 100 years of experience in operating the finest annual exposition anywhere in the world. Naturally, Toronto had facilities for a world exposition, although the area covered by the Toronto exposition would not have been sufficient to meet the needs of a world exposition.

The then mayor of Toronto, Nathan Phillips, Q.C., took strong exception, in a communication to me on August 25, 1958, to a statement made by the late Senator Drouin. Senator Drouin made a public statement that the centenary should be celebrated by a fair in Montreal. However, when Toronto found out that the federal contribution determined would be $20 million, the answer was that it was not interested in having the exhibition because it could not be put on for a total contribution of $40 million. We, in the government, then determined that the exhibition should go to the city of Montreal.

It was a tremendous success and everything about it made Canadians proud of their heritage. We are dealing now with a financial situation, and the failure of the government of Canada to exercise any control over the greatest orgy of expenditure that has ever taken place in this country. Apparently anything went and there was no care, no attention and no regard by the Department of Finance or by the Pearson government in respect of controlling expenditures. Much the same thing has happened in the last year in connection with this organization of the young Canadians, where everybody is a friend and nobody is controlled. The government sits and looks on while the Canadian taxpayer's money is poured down the drain. That is what happened at Expo for that period from the time of the organization right through to the end. We cannot do anything about it now, they say, That is true; the Canadian taxpayer has paid $122 million more than there was any undertaking to pay because the government simply did not exercise any control.

One of the most interesting features in visiting Expo was the degree to which nobody

seemed to have any control—spend, spend and draw on the government of Canada, or at least with the tacit approval of the government of Canada. I repeat that there was never any suggestion anywhere, any place or at any time that this kind of thing would be tolerated.

The minister has the habit of making statements accompanied with a happy face.

Mr. Pepin: I learned that from you.

Mr. Diefenbaker: He is a congenial fellow. Nobody I know in the House of Commons can be more congenial when he is in greater difficulty. That is an attribute I give to him. He smiles.

Mr. Prud'homme: He is not going to cry.

Mr. Diefenbaker: He exudes congeniality, but I am not going to tell the hon. member that he also imitates the minister or that the minister imitates him. They are both happy individuals, and always when there is difficulty the minister adopts that attitude.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: What about the total amount that was to be spent? Did anybody ever contemplate the expenditure of $270 million? Did anybody ever begin to realize that we were going to be asked to cover up $122 million by the subterfuge of the bill now before the House instead of following the constitutional system? There was nothing of that kind.

What did Mr. Pearson say? On August 13, 1963, within a period of a few months after he resumed office, he announced an immediate summit conference to guarantee safe sailing for the world's fair. Then, he announced that the federal contribution would be something over $50 million toward the exhibition. There had been no ratification or acceptance by Parliament, but even Prime Minister Pearson, in his most effusive declaration regarding the exhibition, never went beyond something over $50 million.

• (3:50 p.m.)

The Prime Minister went on to say that federal government support for the fair had already been decided and an allocation of $20 million had been made toward direct costs. Added to this amount, he said, would be the cost of an exhibit "worthy of this country", and a "substantial extra amount" would be required to protect the site. He said the total expenditure of the federal government would be something over $50 million. That included the cost of Canada's pavilion. Let that be clear. The whole cost would be the original $20 million plus some $30 million to cover Canada's exhibition and certain additional costs. Then he said that improvements to bridges, access roads and other ancillary needs would have to be met by either the Province of Quebec or the City of Montreal. And he added these words: "There must be a clear understanding of who will do what." Mr. Speaker, that is exactly what we are saying now. The hon. member for Regina East (Mr. Burton) who spoke, and who moved an amendment, had this in mind. Well, nobody ever decided that question. The government simply allowed those people in charge to spend whatever they wished to spend, without any control whatsoever.

Let me go on. Mr. Pearson said:

> We must anticipate events. Each government must assess the full meaning of what it must do. Time is all too short for what must be done.

The report continued:

> The three government leaders, with other dignitaries, sat under 16-foot high blue, green and red letters reading EXPO '67 on one side of the main barge—From then on, the folk dancing took place.

Today, the folk who are dancing are the people of Canada who have to pay the taxes from which to meet these unjustified expenditures, outlays which constitutionally ought not to have been permitted. I see the minister says my figures are a myth, and while I had suggested in the House in April, '64 that net costs were to be held to that amount, I had not been so certain of that possibility in December, 1963.

I never altered my view, Mr. Speaker. Parliament approved the amount which was required and requisite on the part of the federal government. What happened was this: the Government of Canada under Prime Minister Pearson and those associated with him simply permitted expenditures to be made beyond reason, completely without any authority and in the absence of any information giving details. Nor are we going to find out, because if this bill is passed in its present form what we shall be doing is something along the lines of the old adage "forgive and forget". But in this case the people of Canada will have to pay.

The government I had the honour to lead brought EXPO about. I was in Vancouver in February, 1963 and I had before me six or seven different areas, one of which, it was suggested, should be the site of EXPO. Having examined them at greater length than ever

before, I decided on St. Helen's Island. We brought it about. We launched it. Then, what happened? When the opening proceedings took place, Premier Lesage, no longer premier, and myself, both of whom had done their part to bring it about, were seated so far back in the audience that an ordinary telescope was not sufficient to enable us to see what was going on. The government had decided to turn EXPO into a Liberal holiday, and it turned out to be one in which the liberality of the expenditure has never been exceeded in Canada at any time.

There was waste. There was extravagance. There was an orgy of wasteful expenditure over which no one had any control. Now, hon. gentlemen opposite want us to pass Bill C-6 to wind up the corporation. They tell us, in effect: We won't go into any of the detail, or into any of the facts in connection with expenditure; we just want the House of Commons to say "Blessed are they who spend extravagantly and beyond any right, because they were spending on something which was worthwhile for Canada."

Well, to get the record straight—because we shall not otherwise get the facts on the record—it is well to recall that on March 27 last the Auditor General in his annual report set out certain details which prove beyond question that what happened is an indictment of the Government of Canada for failing to exercise any control over the purse-strings of expenditure. Let me mention some of the references. The construction cost of Habitat's apartments went up to $17,982,000, or $10 million more than the original estimate. Mr. Speaker, if you want to see a habitat of inefficiency and ineffectiveness, view that place. Nobody wants to rent there, because if they did so they would need the resources of EXPO to pay the monthly rental rates. There it stands, a monument to inefficiency and to wild expenditure for which Canadians will have to pay. When the architects' fees and other costs involved are added to the expenditure, the 115 finished apartments and the 43 unfinished apartments cost a grand total of $22,685,000. I should like to hear the minister defend that expenditure. It was waste unjustified, and all there is to show for it is that monument, Habitat, which nobody wants to occupy.

Then, there were the two theme buildings, Man the Producer and Man the Explorer, whose cost went up from—

Mr. Speaker: Order, please. I have to apologize to the right hon. gentleman but I must bring to his notice that under the terms of the Standing Order his time has expired, unless he has the unanimous consent of the House to continue.

Some hon. Members: Continue.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Diefenbaker: Thank you. I mentioned those two theme buildings. Their cost rose from an original estimate of $9,125,000 to $20,560,000. Just imagine what would have happened had there been any control. Then the Auditor General, who does not seem to be very popular with this government, urged that Parliament should commission a fulltime investigation of these operations. He goes on to talk about the jumbled books. The accounting was so jumbled that the joint auditors, Mr. Henderson and the Quebec provincial auditor, were unable to certify the correctness of $101,438,000 out of an approximate total revenue of $141 million. This amount was lost without trace. There was nothing to show how $101 million had been spent.

• (4.00 p.m.)

Salaries at Expo also went haywire, almost from the beginning. Thirty-three officers received salaries of $10,000 or more, and these amounts were increased during 1967 by from 20 per cent to 60 per cent. This was the time when the government was talking about inflation. All these people had to do was to spend; no one controlled them.

Thirty-three employees left their employment before the end of the year and received severance pay averaging 27 per cent of their boosted salaries. Instead of these people themselves being boosted out, they received severance pay amounting to 27 per cent of their boosted salaries.

Of the work force, about 24,000 received overtime ranging from $1,000 to $19,000, at a total cost of $4.5 million. We hear so much today about people getting overtime. I should think these people at Expo ought to give correspondence courses so that labour can understand how to obtain overtime.

Then, a collective labour agreement that gave most hourly rated employees 4 per cent severance pay was extended to those who were not covered by the agreement, and 12 such employees received a total of $70,000, the largest sum received being $15,425.

The next item dealt with is rental. The Expo Corporation itself lost $345,000 on the

rental of an apartment for six months. The CBC, which the government says is usually very careful in its expenditures, was not to be outdone. It contracted for guaranteed accommodation for 1967 in three Montreal hotels. This accommodation remained unoccupied 24 per cent, 48 per cent and 50 per cent respectively of the time, at a cost of $148,000, including a termination fee of $18,900 for premises that were unused.

Did you ever hear, Mr. Speaker, of a gravy train like this? As long as you were aboard it you could spend regardless of whether there was justification. At the same time that these hotel facilities were not being used, the CBC rented accommodation in other hotels costing approximately $40,000. The CBC paid $450,000 to employees for what was called scheduled hours during daily or weekly tours of duty which were in excess of the actual hours of attendance.

It is an amazing record, Mr. Speaker. These are but a few examples of expenditures made. The report also deals with the other losses. Of the assets that were simply written off, Canada was assessed $116,794,000. The Centennial Commission got off lightly with a spectacular—but, of course, I am not going to go into that because it was not part of the fair.

What I have placed before you, Mr. Speaker, is a record that is unequalled anywhere, any place in Canada, for wild, uncontrolled expenditure. The minister says that I thought we ought to spend a little more if all that was going to be spent was $20 million. But the losses were colossal. Control of expenditure was non-existent.

The government now comes along and says, in effect: "Let's forget all about it; it was a wonderful event". And it was. But that is not what we are dealing with at the moment. We are dealing with the right of the people's representatives in Parliament to control a government that exercised no control over the purse strings placed in the hands of the Commission. The government has found a nice, easy way of ending the affair. There will be an Expo Winding-Up Act, and all rights of creditors and all actions pending are unimpaired by the transfer to the minister of the assets.

The purpose of the bill is to provide for the dissolution of the Canadian Corporation. Clause 7 provides:

> There may be deleted from the accounts of Canada, as a portion of the deficit of the corporation that is to be borne by the government of Canada, not more than one hundred and twenty-five million dollars of the amounts shown therein as Accounts Receivable Expo Guarantees.

The government will push this measure through. Parliament no longer has any authority. There is a supine membership that stands behind the government whether it be right or wrong—though the government is always right. This measure should not receive the support of this House. To support it is to place the seal of approval on the most unprecedented and wildest expenditures made in all of Canada's history, with the taxpayer of Canada required to pick up the bill.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I am glad that the hon. member for Prince Albert (Mr. Diefenbaker) has taken part in the debate. "La grande histoire", and "la petite histoire", would not have been complete without his participation. I am sure that whoever writes the history of Expo will quote the words of the right hon. gentleman, that it was the "greatest orgy in expenditures in the history of mankind".

Mr. Diefenbaker: No, I said in the history of Canada.

Mr. Pepin: In the history of Canada, then.

Mr. Diefenbaker: As usual, the minister is too expansive.

Mr. Pepin: I can think of a number of people who would turn in their graves because they thought they held the record.

I do not intend to reply point by point because many of the matters raised by the right hon. gentleman have already been dealt with in the committee. Although I understand they were not dealt with to the full satisfaction of some members of the committee, explanations were nevertheless provided, and quite graciously accepted in many instances.

I pointed out during the committee hearings that there were a number of safeguards in the original legislation, some of which originated from the right hon. gentleman's. cabinet. These safeguards were the master plan, the annual budget, the decisions of the boards that had to be approved by the two governments in Ottawa and Quebec, the annual report and the observations of the Auditor General. I might also underline the fact that the loans made to the Corporation were approved by Parliament in the Appropriation Act in the year in which they were made, and

consequently already appear as such in the public accounts.

• (4:10 p.m.)

On the subject of cost escalation I felt obligated to quote in committee the hon. member for Prince Albert (Mr. Diefenbaker) because in my view this figure of $20 million as being the total federal contribution planned appeared rather unrealistic. I looked at *Hansard* of that time to find out what the facts were. I knew that the right hon. gentleman had said on a number of occasions that his understanding was that the whole thing—I suppose it was irrespective of other federal participation in terms of a pavilion for Canada, for example—would cost the federal government only $20 million. Having the kind of mind I have I had to find out the truth. So, I went to the record and this is where I found the following quotations from a speech of the right hon. gentleman. I am reading from page 3-21 of the Minutes of Proceedings and Evidence of the Standing Committee on Finance, Trade and Economic Affairs for November 7, 1969:

> We should also have information as to the total expected expenditure to be made on this fair.

The date of the speech is April 10, 1964:

> I do not want to reiterate what I have already said, but this fair cannot fail. To allow this fair, representative of this nation, even to enter the spectrum of failure would give to Canada a black eye internationally.

So, I gathered from that the right hon. gentleman wanted to make sure Expo would be a success and was willing to pay the price. This, however, is not the most important paragraph I quoted in the committee. The other quotation I gave—and again this is dated April 10, 1964—was the following:

> Canadians as a whole have a great stake in national prestige to assure the success of this project. No one yet knows what the total expenditure will be.

This was rather important to me. The former prime minister who, as everybody agrees was the political creator of this great thing, Expo '67, did admit on April 10, 1964 that no one knew what the price would be. I cannot understand how, on the one hand, the gentleman could say it would cost $20 million and, on the other hand, that no one by April 10, 1964 knew what the price would be. This was rather disturbing to me.

[Mr. Pepin.]

I was even more disturbed when I read the rest of the paragraph:

> There has been an estimate of $585 million as the total cost, an estimate I think made by Mr. Bienvenu some months ago.

On the one hand we are told nobody knew what the price would be. On the other hand, we are told it would be $20 million and, on the third hand—if that is a possibility—we are told it would cost $585 million. All statements made by the same gentleman.

Mr. Diefenbaker: Mr. Speaker, I wonder whether the minister would allow a question. Does he realize that the $585 million was the estimated cost for all the buildings erected on these premises by all the countries that participated.

Mr. Pepin: Even at that there would be some $300 million or more left to be payed, even if we deduct the costs of foreign pavilions. But again, the part of the quotation I emphasized most was the statement, "no one knew". Why was it that nobody knew? Because of the limited amount of time. The Russians had got it first, and we only got the fair when they gave it up. The fact is that the Expo Corporation had to tie together the actual planning of Expo and the actual building of Expo. I have read that from the moment the Corporation obtained the land on which Expo was to take place it took only two years, nine months and 26 days to actually build the fair.

Mr. Diefenbaker: That is wrong.

Mr. Pepin: That is what I am told.

Mr. Diefenbaker: The land was picked out in February, 1963.

Mr. Pepin: I said that from the time they took possession of the land, the Corporation took only two years, nine months and 26 days to build the fair. Anyway, the point I am trying to make is that Expo was not actually created. It grew. The result of this was that the master plan was revised seven times before the opening of the fair and even once after.

I am quite sure members of this House would also like me to emphasize that as the costs of Expo grew the benefits also grew. This is a point I made before the committee. For example, $480 million of extra tourist revenue in 1967 was directly attributed to Expo. An amount of $230 million in the form of taxes payed to all levels of government

could be attributed to Expo. I am trying to make the point that as the actual costs of Expo grew, because of the demonstrated enthusiasm of people all over the world, and Canadians, the benefits also increased. In other words, Expo in 1967 was not what the government of the time had in mind in 1963; it was very much bigger.

With regard to the amendment proposed by the hon. member for Regina East (Mr. Burton), may I say first that I am rather surprised he moved it because I thought I had charmed him out of it, in the committee. I thought the promise I made that I would bring his views to the attention of the Minister of Finance (Mr. Benson) would have been sufficient. I thought the hon. member, having said this was only a bookkeeping operation, would have chosen another forum in which to debate the issue which I assume is an interesting one.

His first grudge is that the financing of Expo '67 took place in the form of loans rather than in the form of grants. Had it been done in the form of grants, I suppose someone else would have a good reason for saying it should have been done by loans. Since it has been done by loans, I presume there are good reasons for saying it should have been done by grants. I explained in the Committee the reason it was done by loans; time was of the essence. I do not think this is a major issue. I believe the hon. member for Regina East said so himself, before the committee even if he did not say so in his speech in the House. As I said, the loans were the subject of parliamentary appropriations in the year in which they were made. That gave them parliamentary sanction.

The hon. member's other point, is in respect of how the "bookkeeping transaction" should appear in the financial books of parliament. This is debatable also. Mr. Speaker, we have two sets of books on expenditures, as you know better than I do. One contains the estimates of expenditures and the other contains the accounts of Canada. I want to underline for the benefit of the hon. member for Regina East the fact that these figures will be included in the accounts for Canada; that is, the share of the deficit to be borne by the federal government will appear in the accounts of Canada. This is the document on which the Auditor General can comment. So, if he wishes to comment again he is free to do so and the Public Accounts Committee will be free to look at that again. I was not sure whether or not the hon. member for Regina East was aware of this.

Mr. Burton: Mr. Speaker, I rise on a question of privilege. I do not think it is fair, and I do not think there is any justification, for the minister to attempt to leave the impression that I would not be aware that this matter would come to the attention of members of this House through the report of the Auditor General and the subsequent reference to the Public Accounts Committee. The point I was making was that this matter is not being reported to the people of Canada in the form of an expenditure, which it is.

Mr. Pepin: I had not finished my commentary, but I am glad to know the hon. member was aware of the point I was making. I regret having made it now that I know he was aware of it.

Mr. Burton: I hope the minister is aware of it also.

• (4:20 p.m.)

Mr. Pepin: I just became aware of it today! I am no authority on procedure, as is my hon. friend, so this is why I looked into this personally to make sure that the right procedure was followed, and being proud of my newly acquired knowledge I may have tended to be too keen to pass it along.

Mr. Baldwin: This is a very dangerous thing.

Mr. Pepin: With respect now to the other side of it, that is estimates; the deficit could not be included in the main estimates for 1969-70, although it was mentioned by the Minister of Finance (Mr. Benson) during his budget speech, because the exact figures were not known then.

The other possibility, which was mentioned by me in the committee, was to include it in a supplementary estimate. There are arguments both in favour and against that. One of the arguments against is that supplementary estimates are introduced usually for the purpose of covering unforeseen expenditures. This Expo deficit can hardly be considered to be an unforeseen expenditure. I see the hon. member for Prince Albert (Mr. Diefenbaker) smiling at that thought. So, apparently this matter did not fit too well into supplementary estimates, either.

Mr. Burton: May I ask the minister a question? Can he state that all supplementary

estimates introduced in the House can be correctly described as unforeseen expenditures?

Mr. Pepin: I would not dare, do that, but as we are speaking theoretically, and as the hon. member spoke of theories before, I thought I could go on in the same rather philosophical vein. I had the impression in the committee that one of the things which the hon. member for Regina East wanted was to ensure that this expenditure, this deficit, was made well known to the Canadian population, for educational purposes, I presume. If that is the objective, what better place is there to make it known than by way of a clause in the winding up legislation itself? So, I think that from the point of view of good democracy and of making the people of Canada aware of the price of Expo to the federal government, the present way is a very democratic way of proceeding.

It seems to me that the way that is being taken by the government now is very proper and there is certainly nothing illegal about it.

Mr. Diefenbaker: Because it conceals everything.

Mr. Pepin: Consequently, I think the amendment should be defeated. However, I will bring the whole debate to the attention of the Minister of Finance, and I am sure there will be other forums where the hon. member's arguments could be more properly made, in my estimation.

Mr. Burton: May I ask the minister another question? Is the government in fact giving consideration to the recommendations made by the Auditor General in his report to the House on a number of occasions in which he requested the government and Parliament to put an end to the practice of dealing with expenditures of money or writing off certain assets or accounts receivable through the method of non-budgetary transactions? Can we expect any change of policy on this matter?

Mr. Pepin: I am not familiar with this matter but I will inquire from the Minister of Finance and I will gladly have a conversation with my hon. friend later.

Mr. Baldwin: His answer will be no.

Mr. Randolph Harding (Kootenay West): I would like to say a few words on the amendment. I was rather interested in the remark of the minister that one of the safeguards for projects of this type was the annual report which is always issued. As I recall the terms of the agreement, the annual report was to be issued within three months of the termination of the financial year. As an example, let me speak of the sixth annual report. The financial year ends on December 31, yet the financial report for the year 1969 was issued on November 4.

Mr. Pepin: May I break in at this point, with the permission of the hon. member? A confession was made in the committee to that effect. I blushed and I said that indeed the report came too late. Explanations were provided. They were judged to be sufficient by some and insufficient by others, but the confession was made.

Mr. Harding: I understand that no explanation was given as to why it was not provided to members.

What really worries me about this whole affair is the fact that for a period of years the Auditor General of Canada, and the auditor general of the province of Quebec, have been submitting reports recommending that certain things be done. It is amazing to realize that after a series of reports which have come to the government pointing out inadequacies in certain financial arrangements with Expo, the government has ignored them year after year. According to the Auditor General, some changes might have been made after a great deal of pressure, but they were inadequate. The question which I think we should ask ourselves is whether this should be the normal procedure, that a goal is set in all government departments, then the Auditor General, who is the watchdog of the Canadian taxpayers' money makes a report and that report is ignored right down the line. This is what really worries Canadians and worries me. Someone is at fault. Somewhere along the line following the receipt of the Auditor General's report by the government someone has not been doing a job. I think we have every right in the world to criticize the lack of effective action by this government on this particular matter.

I should like to put on the record a few comments made by the Auditor General just to show that he has drawn this matter very clearly to the attention of the government on numerous occasions. I will quote from the report of the Auditor General for the fiscal year ending March 31, 1968, at page 185. This is what he said:

• (4:30 p.m.)

In our 1965 and subsequent Reports (paragraph 226 in 1967) we drew to the attention of the House

certain expenditures and practices of the Corporation which, in our opinion, were inconsistent with those usually followed by Crown corporations and agencies. We mentioned that these matters had been drawn to the attention of the Corporation's management and Board of Directors who advised the joint auditors that the expenditures in question were necessary to the Corporation. The practices were continued in 1967. A number of other matters arising from the 1967 examination have been dealt with in the joint auditors' detailed report to the President and Members of the Board of Directors, and three of these are referred to in the following paragraphs of this report:

67. Salaries and termination payments.

69. Loss on operation of rented apartment building.

71. Cost of repairs to sanitary sewer system.

Certain revenues of the Corporation aggregating $101,438,000 of the total of $140,984,000 could not be effectively checked by the joint auditors and their report was qualified accordingly. This matter is dealt with in paragraph 65 of this report.

Then at page 186, the Auditor General's report reads:

Following the close of the Exhibition all of the capital assets, with the exception of minor items which were demolished or sold and the mass transit system which has since been sold to the city of Montreal for $1,880,000, were transferred to the ownership of Canada, Quebec and Montreal, whichever owned the land on which they were situated. Details are given in paragraph 66 of this report.

In paragraph 226 of our 1967 report we pointed out that a number of procedures followed in connection with capital construction projects had the effect of materially weakening financial control. These included amending contracts subsequent to the work having been completed in whole or in part without prior ascertainment of the additional costs involved, making a substantial number of progress payments to contractors without complete verification, and renegotiating bid prices with the lowest tenderer for modified programs without the benefit of competitive bidding. These procedures were continued throughout 1967.

Mr. Pepin: May I rise on a point of order, Mr. Speaker. I just want to observe that these points were raised at the committee stage, after second reading. I wonder what the purpose of third reading is—

Mr. Harkness: This is not third reading.

Mr. Pepin: —if we are to discuss over again what was dealt with in committee. This is more question than an observation.

Mr. Harkness: On that point of order, Mr. Speaker, may I point out that this is not third reading. This is the report stage.

The Acting Speaker (Mr. Béchard): The hon. member for Kootenay West.

Mr. Harding: Mr. Speaker, I do not think the minister's point is well taken. Not all the members of the House were on the committee. I think these points should be explained, so the members who did not have the opportunity to attend the committee meetings will clearly understand that warnings had been continuously given to the government and requests for action had been made. I contend that this is very pertinent to the debate currently taking place. I quote again from page 187 of the Auditor General's report:

A request by the joint auditors for confirmation of the correctness of the amounts due by Canada, Quebec and Montreal as their share of the cost of the Exhibition was not replied to by the City of Montreal (see paragraph 66 of this report).

At page 188, the Auditor General said:

In previous reports (paragraph 67 in 1967) we pointed out that, since the major portion of the cost of the Exhibition was being financed by loans from Canada and because of the existing limitation on grants, changes in legislation would be required before the additional substantial grants could be made to provide the Corporation with the necessary resources to pay its indebtednes. The Public Accounts Committee discussed this matter with officers of the Department of Finance on June 16, 1966 and in its Seventh Report 1966-67 expressed its concurrence with our view and recommended that amendments to the existing legislation be placed before Parliament and the Legislature of Quebec so that additional grants could be made by the parties concerned, namely Canada, Quebec and Montreal.

Then, we see on page 32 of the Auditor General's report the following:

In their annual report to the President and members of the Board of the Canadian Corporation for the 1967 World Exhibition over the past five years, the Provincial Auditor of Quebec and the Auditor General of Canada, joint auditors of the Corporation, have stressed the importance of the Corporation establishing and maintaining an adequate system of internal financial control.

Prior to the opening of the Exhibition, the Auditors drew to the Corporation's attention certain aspects of internal financial control that required improvement and certain important decisions that had to be taken before the opening of the Exhibition with respect to the procedures to be followed during the Exhibition for the handling of substantial amounts of cash and the recording of revenues from admission passports, tickets, parking fees and other sources. However, action taken was not adequate and serious breakdowns developed in the control of on-site revenues shortly after the Exhibition opened on April 28, 1967. Furthermore, the remedial action eventually taken did not correct all major weaknesses and the joint auditors were unable to express an opinion as to the correctness of revenues aggregating $101,438,000 of a total of $140,894,000. This situation was communicated by the auditors to the Minister of Trade and Commerce on July 30, 1968 and to the Minister of Industry and Commerce of the province of Quebec on July 31, 1968.

The most recent annual report of the Corporation, including the report of the joint auditors, was

delayed because of the inability of the Corporation to finalize the accounts and answer the auditors' queries. This report, which pursuant to the requirements of section 18 of the Canadian Corporation for the 1967 World Exhibition Act, 1962-63, c. 12, should have been submitted by the Corporation to the Minister within three months of the close of the financial year on December 31, 1967 and laid by him before Parliament within 15 days of receipt thereof, was not tabled in the House until October 2, 1968.

It is very clear, therefore, that the constant warnings given by the Auditor General of Canada and the Provincial Auditor of Quebec were disregarded by the ministers and the government. Surely, if there is a breakdown somewhere along the line between the receipt of information to correct situations which should be corrected and the taking of the necessary action we should search and find where the breakdown occurs and have it rectified. It is just a little much when Canadians, who expected to pay $20 million initially found this raised to $40 million, and now discover the amount has reached $142.9 million. I am not objecting to Expo, but I do object to this way of estimating expenditures which puts Canadians, the government, and members of this House in a very awkward position.

Mr. Pepin: It is not the same product.

Mr. Harding: Anyhow, Mr. Speaker, this is the point I am going to make. I trust that in future, if we have other commitments of the same nature, we will have adequate controls established so that we will not get into a mess similar to that which has been indicated by the Auditor General in this case.

• (4:40 p.m.)

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, perhaps I might begin with the famous words that I did not intend to take part in this debate. It so happens that such is the case, but I am brought to my feet by the suggestion of the Minister of Industry, Trade and Commerce (Mr. Pepin) that the amendment posed by my hon. friend from Regina East (Mr. Burton) is only a bookkeeping technicality which might have been dealt with in some other forum. These bookkeeping technicalities can be obscure; they can be the subject of debate—

Mr. Pepin: I did not say it; he said it. I did not say it was a bookkeeping technicality; he said it.

[Mr. Harding.]

Mr. Knowles (Winnipeg North Centre): My hon. friend the minister said something to the effect that it was the kind of thing that my friend might have raised in some other forum. If I have "done the minister wrong" I shall withdraw.

Mr. Pepin: Don't.

Mr. Knowles (Winnipeg North Centre): But certainly, what he said and the way he said it made me feel that I could not let him get away with it—whatever it was he said.

I am concerned about this matter, Mr. Speaker, both for its own sake and for an ancillary reason which I will allude to in a moment. I think the suggestion made by the Auditor General should be considered and if we are appropriating money, giving to Expo $125 million, the way we do it should be made clear. I do not think it is clear at the moment; I think it is being played down as simply the writing off of a debt.

I said I had an ancillary reason for getting to my feet and it would not take many guesses for members opposite to know what that is. We are dealing here with a $125 million deficit with respect to Expo. In my city we are concerned about a very small item, a $1 million deficit from the Pan-American games.

Mr. Pepin: I will gladly inform my hon. friend that I have taken up this case with the Minister of National Health and Welfare (Mr. Munro) who apparently has received representations. He is looking into the matter now and he tells me that a decision should be reached soon.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I thought the minister was going to cut me out of my remarks altogether by telling me that a favourable decision had been made. It is very nice that he interrupts me at this point and tells me that a decision is close. That is the sort of charm that the minister turns on which makes one feel that he does not need to say any more. The trouble is that around this place we have been close to decisions time and time again. I am glad to know that the Minister of National Health and Welfare is considering this, as is the Minister of Finance. He is perfectly right in saying that many representations have been made about this and I hope that fair play with respect to Winnipeg will come into effect.

On the subject of the amendment moved by my hon. friend from Regina East, may I indicate the argument that has been used by the

Minister of Finance. When some of us asked that Winnipeg be helped with its $1 million deficit, since Montreal is being helped with its $125 million deficit, he said that the matters were not comparable, that in one case we were simply wiping out a debt while in the other case a request was being made for new money.

Let me try to put this in terms that I can understand. Supposing I were to lend $10 to the Minister of Manpower and Immigration (Mr. MacEachen) and some time later he informed me that he could not repay it. Then I would say, "All right, Allan, forget it." But the Minister of Industry, Trade and Commerce hears this and says, "You gave my friend Allan $10, how about giving me $10?" But I reply, "Oh, no, I didn't give the Minister of Manpower and Immigration $10, I just wiped out a debt." In fact it is $10 to one and $10 to the other; it is just the same thing. This is the way Winnipeg feels about the situation. To be told that it cannot be assisted with its debt because this is new money whereas in the case of Montreal it is a matter of wiping out the debt, does not make any more sense than my simple illustration.

Mr. Speaker, this is one reason why I do not like clause 7(1) in this bill. It carries forward the idea that Montreal is not being given the money, it is just having a debt cancelled. It is on this basis of a bill being put through Parliament to help Montreal that Winnipeg is told it cannot receive the assistance it feels is due to my city.

Mr. Speaker, I hope that the interjection just made by my charming friend the Minister of Industry, Trade and Commerce to the effect that a decision is about due means that it will be a favourable decision because I feel that the situation in both cities is on all fours and I think if we are going to help out with the huge deficit in the one case we should help out with the small deficit in the other case, both of them having been incurred with respect to great national events in our centennial year.

The Acting Speaker (Mr. Béchard): Order, please. Is the House ready for the question. All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): Those opposed will please say nay.

Some hon. Members: Nay.

Division

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

And more than five members having risen:

The House divided on the motion (Mr. Burton) which was negatived on the following division:

• (4:50 p.m.)

YEAS

Messrs:

Alexander
Baldwin
Barnett
Bell
Benjamin
Brewin
Broadbent
Burton
Coates
Comeau
Crouse
Diefenbaker
Douglas (Nanaimo-Cowichan-The Islands)
Flemming
Gilbert
Gleave
Grills
Gundlock
Hales
Harding
Harkness
Knowles (Winnipeg North Centre)
Lewis
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis (Mrs.)
MacLean
Macquarrie
MacRae
McCutcheon
McGrath
McIntosh
McKinley
Marshall
Mather
Monteith
Muir (Cape Breton-The Sydneys)
Nesbitt
Nowlan
Paproski
Peddle
Peters
Rose
Saltsman
Skoberg
Southam
Thomas (Moncton)
Thomson (Battleford-Kindersley)
Winch—50.

NAYS

Messrs:

Badanai
Barrett
Basford
Beaudoin
Béchard
Blouin
Breau
Cadieux
Caouette
Clermont
Cobbe
Corbin
Crossman
Dionne
Drury
Duquet
Forest
Forget
Francis
Gendron
Godin
Gray
Greene
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Jamieson
Kaplan
Laing
Lang
Langlois
Laniel
Laprise
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
MacEachen
MacGuigan
McBride
McIlraith
Mahoney
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Matte
Munro
Noël
O'Connell

Division

Olson
Osler
Ouellet
Pelletier
Penner
Pepin
Pilon
Portelance
Pringle
Prud'homme
Reid
Richardson
Roy (Timmins)
Roy (Laval)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stewart (Okanagan-Kootenay)
St. Pierre
Sulatycky
Tétrault
Thomas (Maisonneuve)
Trudeau
Turner (London East)
Turner (Ottawa-Carleton)
Walker
Watson—80.

• (5:30 p.m.)

Mr. Speaker: I declare the motion lost.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce) moved that Bill C-6, to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the said bill be read the third time? By leave, now?

An hon. Member: Later.

Mr. Speaker: Is it the wish of the House that the motion now be put, subject to debate later this day?

Some hon. Members: Agreed.

Mr. Pepin moved that the bill be read the third time and do pass.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It being after five o'clock it is my duty to bring to the attention of the House the matters to be discussed at the time of adjournment. The questions are as follows: the hon. member for Yorkton-Melville (Mr. Nystrom)—Information—retraining program—lack of knowledge by farmers; the hon. member for Vancouver East (Mr. Winch)—Federal buildings—Vancouver—new project and "Project 200"; the hon. member for Egmont (Mr. MacDonald)—Penitentiaries—Dorchester—extension of work of Jaycees with parolees.

[The Acting Speaker (Mr. Béchard).]

PRIVATE MEMBERS' MOTIONS

Mr. Speaker: Order, please. The House will now proceed to the consideration of private members' business as listed on today's order paper, namely, Notices of Motions and Public Bills.

Mr. MacEachen: Mr. Speaker, I understand that because of the limited time available today for private members' business, and the desire of the hon. member in whose name the motion appears, we might now call it six o'clock.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

At 5.40 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

CANADIAN WORLD EXHIBITION CORPORATION

MEASURE WINDING UP EXPO

The House resumed consideration of the motion of Mr. Pepin that Bill C-6, to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith, be read the third time and do pass.

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, during second reading of this bill, during the meetings of the Finance, Trade and Economic Affairs Committee which considered the bill, and to some extent this afternoon at the report stage several speakers laid a great deal of emphasis upon the great success of the exhibition and the indirect benefits which it brought to Canada. There is no argument in this regard. I think everyone recognizes that the exhibition was a tremendous success and that it brought many indirect benefits to Canada in the way of advertising throughout the world, the possibility of increased tax returns and other benefits along that line. However, the reason for a good many of the questions raised in connection with this measure, both here and in the committee which considered it—and this is really

the point which we have to consider—is that all these benefits and all this success could and should have been secured at a great deal less cost than was actually the case. We are now considering whether the exhibition was carried on in an efficient and effective way and at a reasonable cost.

The more one considers the evidence in regard to the matter, the more definitely one comes to the conclusion that the cost was excessive. The 1968 report of the Auditor General which was before the committee, and other evidence before it showed without any doubt that there was a great deal of loose administration. Many inefficient procedures were allowed to continue in operation, and there was carelessness over the letting of contracts for the construction of capital works. All this resulted in a very large waste of public funds. This resulted in a terrific escalation of costs, as was pointed out at second reading by myself and by others. As was pointed out in the committee, and again here this afternoon, by the right hon. member for Prince Albert (Mr. Diefenbaker), the cost escalated so far as the federal government was concerned from what was supposed to be, to begin with, about $20 million to a final cost in excess of $144 million.

I submit that a good deal of this increased cost was due to the fact that no real control was exercised by the various ministers responsible at different times for the conduct of the exhibition, by Treasury Board or by the cabinet as a whole. Therefore, the responsibility for the great increase in cost and the amount of waste that took place rests squarely on the shoulders of the government. When we were considering this bill on second reading, the minister, in directing his remarks to me, said the following: as recorded at page 557 of *Hansard* of November 5.

—I know how fair he is and I do not think he would respect me if I were not to say that these points were raised—

The points he refers to are the numerous criticisms that I had brought out and read from the Auditor General's report of 1968 in connection with the administration of this exhibition. He went on to say:

—and answered before. I will appear before the committee soon and will explain, with the help of my officials, all these matters.

In fact, these questions had never previously been answered and they were not answered satisfactorily at the committee by the minister and his officials. I might give further proof in that regard. The committee's Minutes of Proceedings No. 5, at pages 5-9, contain evidence in that regard. Mr. Henderson, the Auditor General, was before the committee and I asked him the following question:

I will put my next question. It was stated that the various criticisms or observations that you made, some of the main ones you have just outlined, had all been satisfactorily answered to you people as auditors. Would you have any comment in regard to that statement?

Mr. Henderson answered as follows:

My answer to that statement, Mr. Harkness, would be quite a simple one: if they had been satisfactorily answered we would not have placed the qualifications in our certification on the accounts.

When referring to the criticisms he brought out his report to the House of Commons. The following exchange then took place:

Mr. Harkness: I think the statement or the implication at least was that they had subsequently been satisfactorily answered.

Mr. Henderson: That is not so, sir.

Mr. Harkness: You have had no subsequent answers from the corporation to these various observations of a satisfactory nature?

Mr. Henderson: Not to my knowledge, sir.

I do not think anything could be more definite than that. However, in addition to that it was disclosed in evidence that the Auditor General had written a letter to the Minister of Industry, Trade and Commerce (Mr. Pepin) containing the observations and criticisms which subsequently appeared in his 1968 report, a report which has been quoted extensively when the House has been considering this bill. I questioned the Auditor General in connection with this matter and he said he had written the minister but had received no answer from him; he had received no request to see the minister, although he indicated that was the purpose of his letter. In other words, the letter was completely disregarded.

• (8:10 p.m.)

When the minister appeared before the committee I questioned him about this matter. I quote from the Minutes of Proceedings and Evidence No. 7, page 7-13, as follows:

Mr. Harkness: As the Auditor General said, the whole purpose of his meeting with the board and his attempt to meet with you was to get explanations of this, if possible, so that he could change it and not put it in this form.

Mr. Pepin: All right; I agree with that; and I have already apologized for not having acknowledged or answered his letter. But I am trying to explain what actually took place.

The minister went on with many explanations, but I do not think anybody on the

committee thought they were really satisfactory. I subsequently observed that I hoped this sort of treatment of the Auditor General would not be repeated. As a matter of fact, as recorded at page 7-14, having listened to the minister's apologies and unsatisfactory explanations for his total disregard of the Auditor General's criticisms, I said:

> As the Auditor General really represents the House of Commons in going over these accounts, and things of this sort, I think he is at least due the courtesy of an answer and, in fact, an interview relative to representations he makes to the responsible minister in any case. It is the sort of situation that I would hope would not be repeated.

I can only reiterate that statement here. I hope that in future this minister and others will not treat the Auditor General in the cavalier fashion that has been revealed in this case, and that I am afraid has occurred in too many other cases involving other departments.

One of the things which amazed me at the hearings before the standing committee was that it was impossible to establish the total cost to the Canadian taxpayer of this exposition. For quite a long time several of us on the committee tried to get the definite figure of the cost, but without success. As far as could be determined, the Canadian government put out in cash $142.9 million, and there is a further $1.1 million in lost interest because of the postponement provision in this bill with respect to Quebec holding back some $5½ million for over two years, all of which would make a total of over $144 million. Further, we could get no figure whatsoever to cover the assets which remained in right of the Crown through the federal government; neither could we get any information as to the costs of other departments in connection with Expo, although these costs were quite considerable.

In summing up, Mr. Speaker, I say that this represents an extremely unsatisfactory situation. It is not the sort of thing which should happen in connection with the expenditure of government money and accounting for it to the taxpayers. However, I recognize that the money has been spent. Now that the careless way in which it was spent has been brought out there is no point in continuing to go over the details of the mistakes that were made and the inefficiencies which were disclosed. I end by hoping that making this situation public will at least have the effect of serving as a warning to other government departments and agencies, and that considerably more care will be shown in the future in the administration of public funds.

[Mr. Harkness.]

Mr. A. D. Hales (Wellington): Mr. Speaker, I would like to make one or two observations before this bill is given final passage. Much was said this afternoon, and during second reading, about the great success of Expo. I do not intend to dwell on that. Much has also been said about the cost to the Canadian taxpayer. I do not propose to belabour that point, but I do want to say a few words on the lessons to be learned from the experience gained in connection with Expo.

One of the first lessons to be learned is that the House should take more notice of recommendations laid before it by the Public Accounts Committee. In the normal course of events, the Auditor General makes certain observations in his report to the House; then the Committee on Public Accounts deals with them and makes recommendations to the House. In its seventh report for 1966-67 that committee recommended as follows:

> The committee recommended that amendments to the existing legislation be placed before Parliament and the Legislature of the province of Quebec so that the additional grants required can be made by the parties concerned, namely Canada, Quebec and the city of Montreal.

In effect, the committee recommended that the legislation be changed so that this money would not appear in the form of loans but as grants. If the suggestion had been adopted the money would have been passed by this House in the form of grants; it would then have appeared each year in the Public Accounts of Canada and we would not have had to meet the great amount coming all in one lump as is the case with this bill, asking Parliament to write off $122.9 million.

Another good reason for the committee making that recommendation was that there was no use giving money to the corporation and calling it a loan, knowing full well the corporation would never have the ability to repay it. In such a case the money may as well be given in the form of a grant. It would also have saved the corporation a certain amount of interest. I quote further from the seventh report of the Public Accounts Committee for 1966-67:

> The committee again expressed the opinion that expenditures of this type are not loans or advances which can or should be regarded as revenue-producing assets but are in fact grants and should be charged directly to budgetary expenditure in the Public Accounts of Canada.

No action was taken, so we find ourselves in this position today. If we have a piece of

very valuable Dresden china which has fallen down and broken into a million pieces, the question we must ask ourselves is: Are we going to attempt to pick up the pieces, or sweep them under the rug? We cannot sweep them under the rug. We have to bring this to the attention of all concerned, particularly the taxpayer, the individual who has to pay the shot.

• (8:20 p.m.)

As a matter of fact, this show cost Canadians about $142.9 million. When you subtract the $20 million grant that the federal government gave, it leaves $122.9 million as the cost. However, taking the full amount of about $142 million it represents approximately $6.50 for every man, woman and child in Canada. A married man with three children will pay $32.50 as his family's share for Expo, and he will want to know why.

An hon. Member: It is his share of the gravy train.

Mr. Hales: Many explanations have been given in this House as to why he is being charged $32.50, most of it due to great extravagance, waste and carelessness. This is the way in which the money voted by this House and entrusted to the corporation was spent. Had we known at the time what we have since learned from the witnesses in committee, I am pretty sure this money would never have been granted.

The joint auditors made six reports during Expo. The first one had some qualifications, and the last thing an auditor likes to do is make any qualification when auditing a statement. However, they qualified it by informing us of the default on notes to the order of $183,900,000. The second qualification was this: "We were unable to check revenues to the order of $101,438,000." Then the third qualification: "We had to report that the banking arrangements, in our joint view, were not in order."

When questioning witnesses in committee about this latter qualification we were told that a legal opinion had assured them that the bill was poorly drafted and left the way open to them to go ahead and do what they liked in regard to banking. The committee report No. 5 continues:

> Fourthly, as to the over-all plan, the deficit was restricted to $210,665,000 by the Lieutenant-Governor in Council, and the accounts we were certifying showed a deficit of $273,589,000. Our fifth qualification was that the city of Montreal had not confirmed the correctness of its share of the deficit.

If this had been known to members on all sides of this House I think a great deal more attention would have been paid to the direction in which Expo '67 was drifting, so far as the financial operations were concerned. The joint auditors stated in the committee:

> On May 19, 1967, our attention was drawn to serious breakdowns that had occurred in the handling of cash receipts and revenues. Two months later—

Imagine, Mr. Speaker, two months later!

> —the corporation itself established, or had established for it, the following points:

Can you imagine any man in business knowing that the tills at the check-out desks of his supermarket were not accounting for all the money? Do you think he would wait two months before looking into the matter to see what was going on? The corporation waited two months and then were told the following by consultants:

> 1. that ineffectual control was in fact being exercised over the delivery and returns of floats to and from the clearing houses on site;

A "float" is the apparatus that took the money from where it was collected to where it was accounted for and deposited.

> 2. that there were no integrated accounting records to ensure that cash passing from one operation arrived at the next;

Some of it might have been lost, in transit according to this.

> 3. that revenue distribution reports were inaccurate to the point that they were misleading;
>
> 4. that independent checks were either nonexistent or ineffective;
>
> 5. that ticket control records were not tied in with the cash or float preparation records; and
>
> 6. that procedures differed from shift to shift and procedural changes were not communicated to all concerned.

These points were communicated to the corporation two months after the joint auditors first told them that things were not right. Some of them were corrected but the auditors state: "In fact, we refrained from making any spot checks at that time." If anything, I would accuse the auditors of failing to make spot checks. I think they should have; there was no reason why they should have waited before making them. The report continues:

> We deferred it until later. It took remedial action, but this did not correct all of the major weaknesses. I will list the ones it did not correct and which we found in the course of our work.

Closing Expo 1967 Corporation

1. The records for the first part of the exhibition were never reconstructed;

2. procedures for the handling and destruction of surrendered tickets and passports were unsatisfactory;

3. no detailed audit work on site cash receipts was performed;

Imagine—no detailed audit work on site cash receipts was performed!

4. prompt clearing of differences disclosed in bank reconciliations were not effective; and

5. failure to instal a power line which would have eliminated parking lot power failures that affected control of a number of vehicle entrances by means of total counts.

Well, Mr. Speaker, what lessons are to be learned? This is the subject I commenced with. After reading the report it is obvious that this information should have been before the House long ago. If it was impossible to bring it before the House, the responsibility falls on the minister in charge who with his officials and the corporation was entrusted to see that things were done in a businesslike way.

I know it will be said that the House passed the estimates, but at that stage the House is often pushed for time and cannot get all the details. The estimates for 1968 simply say, "1967 World Exposition" and give six headings, no details, and cover $6,750,800. There are no particulars, and if we had known then what we know now I am sure we would have held up the estimates. This raises another question. Estimates are now referred to a committee of 20 people, which means that only those 20 members have the opportunity to dig into the particulars. There are in this House many people who would like to ask questions. Some wonder whether we are doing the right thing by sending estimates to a committee for study. I know there are points in favour of doing so. but in this instance many members of the House would have been interested in the expenditure of Expo moneys and there would not have been the same opportunity to sweep the matter under the rug.

Mr. Speaker, there are a lot of lessons to be learned here. I have not mentioned them all. More attention must be paid to the recommendations of the Public Accounts Committee. The suggestions and recommendations of the joint auditors of the corporation should have been dealt with more sincerely and with greater respect. This whole expenditure was an exhibition of slipshoddiness and—I will use the word used in the committee—the auditors said it was a sloppy operation.

[Mr. Hales.]

• (8:30 p.m.)

I am convinced it was a sloppy operation. I know the corporation officials were pressed for time in trying to get everything ready, but they were warned long before the show opened that there might be difficulty in the handling and collecting of gate receipts. I know in some ways they could not be flexible; but anyone who runs a business ought to be ready to meet these conditions when they arise. Surely they did not have to wait for two months to obtain a report from a firm of consultants and find out what to do. I will not repeat what I have already said, so I conclude my remarks. I hope Parliament has learned its lesson from what has happened and that the people involved in the Corporation have also learned their lesson. If any official of the corporation is asked in future by Parliament to spend the taxpayers' money, I hope he will treat it as if it were his own and will not wait two months before finding out where the mistakes were made.

Mr. Deputy Speaker: Is the House ready for the question? Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

An hon. Member: On division.

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

CUSTOMS TARIFF—EXCISE TAX ACT

Hon. H. E. Gray (for the Minister of Finance) moved that Bill C-140, to amend the Customs Tariff and to make a consequential amendment to the Excise Tax Act, be read the second time and referred to a committee of the whole.

He said: Mr. Speaker, I think the House will expect me to give some explanation of this bill.

Some hon. Members: Hear, hear.

Mr. Gray: This bill is based on the notice of ways and means motion which I tabled in the House on October 24. As I said at that time, the notice was substantially the same as Bill C-212 which was given first reading on June 27 in the previous session of Parliament. The main purposes of Bill C-140, therefore, are to implement the proposals in the June 3 budget statement in so far as they deal with the Customs Tariff and related matters. Of course, it is my intention at this stage to comment only briefly on the various parts of

the bill. I will of course be pleased to expand on these remarks if hon. members so wish when the bill is being considered clause by clause.

The first two clauses of the bill deal with the formalities required for the obtaining of authority from Parliament for the continuing in force of Orders in Council which may be made pursuant to sections 4 and 7 of the Customs Tariff, and the proposed amendments are largely for the purpose of clarifying the parliamentary procedures required.

Paragraphs B, D and F of subsection 1 of section 4 of the Customs Tariff provide the Governor in Council with authority to withdraw by Order in Council the benefits of the British preferential tariff, rates more favourable than this tariff, or the Most Favoured Nation tariff from any country. Subsection 1(a) of section 7 authorized the Governor in Council, on the report of the Minister of Finance, to impose a surtax on imported goods that cause or threaten serious injury to Canadian producers of goods that are like or directly competitive with the imported goods. This section came into force on January 1, 1969, in conjunction with the enactment of the new anti-dumping law.

Under the present wording of section 4, an Order in Council made pursuant to it would cease to have any force or effect on a day which is 180 days after its making unless approved by Parliament prior to such date. Under the present wording of section 7, an Order in Council made pursuant to it would cease to have any force or effect on a day which is 180 days after its making or if Parliament is not then in session on the 15th day after the commencement of the next ensuing session unless before that day such an order is approved by Parliament.

The proposed amendments would make clear that for Orders in Council made under sections 4 and 7, the approval by Parliament required for their continuation would be in the form of a resolution adopted by both Houses. Amendments would also provide that orders made under section 4 as well as those made under section 7 would cease to have any force or effect following the 180th day after their making, or if Parliament is not sitting on that day, by the 15th day next thereafter when Parliament is sitting unless before such day the order is approved by Parliament. Such approval is to be given by resolution, as I have just said. Finally, the amendments are to make clear, as I have indicated, that the 15th day in question is to be one when Parliament is actually sitting rather than simply one when it is only in session. These provisions are the only ones which are substantially different from those proposed in Bill C-212.

Moving on to the third clause of the proposed bill, the third and eleventh clauses should be looked at together. I will simply say about that, that they provide for technical changes arising out of the Anti-Dumping Act which came into effect on January 1 of this year.

Next we come to the provision which brings into effect as of June 4 the final rates which were negotiated in the Kennedy Round. Hon. members will recall that these changes were the subject of a careful study by the House finance committee during a previous session of Parliament and were given further study and approval by Parliament last year.

As the Minister of Finance noted in the budget speech, a number of Kennedy Round reductions had been completely implemented in one step in January, 1968, or January of 1969. Originally the remaining tariff changes were to be staged over four years. This meant that for these items two of the steps, that is to say two-fifths of the reductions, have been made as of January 1, 1969. It is now proposed that the final rates, almost all of which were to come into effect on January 1, 1972, should come into force instead as of June 4, 1969. These remaining reductions amount on the average to around three percentage points. While this acceleration has direct benefits for consumers, the main effects are on producers' costs.

As the Minister of Finance said in his June 3 budget statement, this acceleration of the Kennedy Round reductions is being made as part of the government's anti-inflation program. It is a measure which could be directed in a more selective way to deal with particular problems, as the minister said. I quote his words:

> —one of these is the need to increase the element of price competition and efficiency in the domestic economy.

He went on to say:

> In considering this situation, we have concluded that a particularly useful and effective way of intensifying competition would be to put into effect immediately the remaining tariff reductions of the Kennedy Round.

"A most important consideration before the government", he said, "in making this proposal is that the burden of adjustment and the

pressure of increased competition will fall mainly on producers in the industrial centre of Canada. It is here that inflationary pressures are greatest."

There may be some hon. members who are wondering whether some producers have been given sufficient time to adjust to the increased competition created by this acceleration of tariff changes. I have been informed, however, that there have been only a relatively few complaints to the Department of Finance since the announcement of the acceleration of the Kennedy Round cuts in the June 3 budget statement. I have also been informed that since this announcement the General Adjustment Assistance Board has received only a few general inquiries, I think about five in number, as to what help will be available from it to assist in any adjustment that might be required as a result of the acceleration in cases where it was found that there was serious injury or threat of injury.

• (8:40 p.m.)

Next we come to the provisions for implementing three reports which have been made by the Tariff Board. These should be looked at in conjunction with Schedules A, B and C to the bill. These reports were tabled in the House of Commons on the dates shown in the explanatory notes to the bill which all hon. members have. Briefly, clause 5 and schedule A deal with the recommendations of the Tariff Board for a new schedule of tariff items for machinery, apparatus and printing plates for the printing and allied industries. Clause 6 and schedule B cover tariff recommendations with respect to precision instruments and apparatus used in such activities as engineering, surveying, prospecting, drafting and metalwork.

The next part and schedule C flow from a Tariff Board report which dealt with the concept of duty free entry of certain goods for religious, educational, scientific, literary or artistic purposes, institutions or groups, or for the benefit of afflicted or handicapped persons. The next clause of the bill contains the usual mixed group of tariff changes similar in type to those which appear in every budget. They are set out in schedule D to the bill. These changes normally arise out of studies of representations received by the department and involve amendments to existing tariff items or the introduction of new items.

I should now like to say something about the amendments to the provisions in the Customs Tariff for goods brought in by Canadian residents returning from trips abroad. These are dealt with in clauses 9 and 10 and schedules E and F. It is proposed to replace two items in the tariff with four new items. One of the present items now provides for $25 exemption once every four months after an absence from Canada of not less than 48 hours. Under the second of the present items Canadian residents returning from points beyond the continental limits of North America after an absence of not less than 14 days may claim an additional exemption up to $75. If use is made of this latter exemption no further claim can be made under either tariff item for the next twelve months. That is the present situation.

The main purpose of two of the new items is to facilitate the clearance of returning Canadian residents by customs. These two new items came into effect on a provisional basis as of June 4, 1969, and appear in schedule E. The first tariff item in this schedule provides for a new combined rate of 25 per cent for duties and taxes on goods valued up to $100 which they cannot claim under an exemption other than duty free goods, alcohol and tobacco, brought in by Canadians after 48 hours absence. The second item provides for a new exemption after 48 hours absence for goods other than alcohol or tobacco valued up to $5.

Two more substantive changes appear in schedule F. First, there will be a $100 exemption each calendar year for Canadian residents returning from any country, including points in North America, after an absence of 12 days. Also effective January 1, 1970, the $25 exemption after an absence of 48 hours will be available on the quarterly basis and will be completely independent of the annual exemptions I have just mentioned. These two exemptions, however, may not be combined for the same trip abroad. In conclusion let me say that the final portions of the bill are consequential to the amendments I mentioned earlier and also set out the dates on which the tariff changes are to come into effect. I would therefore ask the House to give the bill its support at this second reading stage.

Hon. J. W. Monteith (Perth): Mr. Speaker, the minister has outlined in detail the clauses of Bill C-140. He has pointed out certain technical changes. At the end of his comments he made remarks concerning the facilitating of Canadian citizens returning through customs to Canada from points abroad or from continental North America. This bill will be going to a committee of the whole House. I do not

intend to deal with it at length because it will receive clause by clause attention at that time.

The principle behind clause 4 is that all the Kennedy Round reductions not in force as of June 4, 1969, are to be brought into force as of then. It seems in this regard that the minister is repeating the words of the Minister of Finance (Mr. Benson). This provision is being adopted to combat inflation and its effect is to be borne by the producers. I am not against anything which may assist in our fight against inflation, nor do I object to anything that may assist the consumer. However, it is my feeling that the producers who have been singled out in this case accepted the Kennedy Round negotiations, which were studied by the Committee on Finance, Trade and Economic Affairs. This is a unilateral effort with no reciprocation by anyone else; we are simply handling these benefits to other countries.

Let me suggest that years ago the government might well have listened to suggestions about inflation. Had it listened to the advice of the Governor of the Bank of Canada and the Economic Council back in 1965, which warned the Minister of Finance of that day about the state of the country's finances, it would not be in the state in which it now finds itself. The Minister of Finance of that day, now the Secretary of State for External Affairs (Mr. Sharp) would not listen to any advice and the government went ahead—and continues in this way today—with a spending spree.

Today this government supports a policy of austerity and suggests that everybody must save money. Why does the government not follow that policy at home? The construction of three new buildings was announced recently, particularly the new R.C.M.P. building in Toronto. I fail to see how the government is protecting our economy. Some jobs here and there are going down the drain, but an austerity program should have been commenced years ago.

We are now facing another step in combatting inflation. This measure is to be taken at the expense of the producers who finally accepted Kennedy Round reductions. They geared themselves to putting their operations into the position wherein they would be able to meet that measure, then suddenly they are faced with a complete loss of tariff protection in this respect. Certain industries still require protection from foreign competition. This government has taken an unfair advantage of corporations. We must remember that about 50 per cent of manufacturing in Canada is carried out in Ontario.

• (8:50 p.m.)

I would suggest that Ontario corporations deserve some consideration; they have, over the past number of years, paid their taxes. Of course, they are getting another setback in the white paper which we shall be discussing on Thursday and Friday—I do not wish to go into that subject at the moment—but they seem to be the whipping-boy. They had geared their whole operation to a gradual reduction which had been initiated and finally agreed upon according to the Kennedy Round, and now they are faced with this reduction in tariffs all at one time. As I said earlier, there are several clauses in this bill involving a surtax on certain goods, and so on, which the government will be allowed to impose. We shall be dealing with these in detail when we get to the committee stage. I would just say once again that the government should stop using small producers in Canada, particularly those in Ontario, as a whipping-boy.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I should like my first words to be those of congratulation to the new minister. I had the pleasure of working with him on the Finance, Trade and Economic Affairs Committee and I want to say that no one is more deserving of the honour which has been paid to him.

On the subject of this bill may I say that while almost everyone is in favour of free trade, just as almost everyone is in favour of motherhood and God, I do not believe we should delude ourselves into imagining that the results of the Kennedy Round are likely to do a lot of good for Canada. The cuts which were made were not very significant and in some cases the protection afforded is somewhat higher than it was before. A recent study by the Economic Council of Canada showed that the so-called tariff cuts did not go very far. The minister's statement that this is a way of fighting inflation has to be viewed in the light of the miniscule success achieved in bringing about significant tariff changes. I do not see that this can play any important role in fighting inflation.

In the second place, while we are moving in the direction of freer trade through agreements of the Kennedy type, non-tariff barriers are emerging all round the world and are seriously affecting industry in this country.

Up to the present there is little evidence that the government is directing firm efforts against these practices. Recently we witnessed the example of a country maintaining its currency at an inflated rate despite an obvious need to change it. We are aware, today, of the action taken by several countries to bonus their exports through low-cost financing, making it impossible for Canadian competitors to compete successfully. A serious situation is developing as a result in areas where low-cost financing is used to block out Canadian industry. I trust the government will look at some of these practices under the terms of the anti-dumping provisions. Unless it does so, all the talk about freeing trade will be meaningless as countries impose these other methods of restricting competition.

At this very moment the United States is talking about imposing new barriers against trade by providing a bonus for certain of their export industries and excluding certain imports altogether. This is not in keeping with the generous mood of President Kennedy when he initiated the talks which came to a conclusion not very long ago. In other countries we find examples of the outright prohibition of Canadian goods. Little songs and dances are invented to maintain the fiction that Canadians can enter these markets, whereas in fact they are effectively kept out. Hon. members may have heard about the experiences of cable manufacturers in Canada who have been making bids to sell in the Japanese market without the least success. My purpose in mentioning this experience is to show that one cannot consider these tariff cuts out of context, that is, without at the same time taking into account the other barriers which have been erected around the world for the restriction of trade.

Too often, it seems to me, we as Canadians are so concerned about being good world citizens that we do not take sufficient effective action when such barriers are raised. If we intend to plan our future on the lines of freer trade we shall have to do a great deal more, otherwise we shall fail to play our role in international world trade. Today much of our trade is not really international; it is continental, with 70 per cent of our exports going to the United States. At the same time, the overwhelming amount of industry in this country is dominated by United States-based international corporations which are not really interested in exporting; their essential interest lies in serving the domestic market.

[Mr. Saltsman.]

As a result, we are developing what is probably the most inefficient production pattern of any western nation. If we are to go all the way with free trade while neglecting to do something about this inefficient pattern of production, freer trade, instead of proving a great salvation may well be the beginning of the end for us.

To succeed in international trade we must take immediate steps to ensure that Canadian industry becomes more competitive. I am getting a little tired of listening to big business tycoons in this country declaring at their annual meetings that we are pricing ourselves out of international markets while laying the blame, as they usually do, at the doorstep of labour. They claim that labour costs are too high. A close examination of the facts would show that nothing could be further from the truth. The real reason industry in this country is not as competitive in international markets as it should be can be simply stated: it is badly organized. I could give any number of examples of over-investment, of unnecessarily duplicated facilities, of failure to provide guidelines which the industry itself would have accepted.

• (9:00 p.m.)

At a recent meeting with a number of industrialists I was told that a particular firm had decided to build a plant. They were completely oblivious of the fact that another firm was making exactly the same plans. There just is not room enough in Canada for two plants of this size. The result will be that neither plant will operate at a level of efficiency. Both will have wasted much of their investment; they will not be profitable, and no advantage will accrue to government by way of taxes.

A very good example of over-capitalization and lack of planning is the potash industry in the province of Alberta. I understand there are something like nine mines in Alberta, all of them unable to operate efficiently since the world market is not big enough. These mines are going through a readjustment period. The Premier of the province rushed down to the United States to head off a dumping inquiry, though he was not very effective. Now there is talk of pro-rating production, having the mines produce only a small amount of potash so that all of them can stay in business.

I suggest, Mr. Speaker, that such policies are devastating to this country. They waste our resources and talents and are causing us to import fantastic amounts of capital that we

do not need. If we do not solve this problem of industrial efficiency, the cry will go up that the only answer is continental integration with the United States. It will be said that the oil industry, the potash industry, the pulp and paper industry and the chemical industry will have to be tied together with those in the United States so that we achieve a similar arrangement to the Canada-United States auto agreement.

There are a number of things wrong with proposals of this kind. First of all, integration of industry in this fashion makes it impossible for Canada to pursue a life of its own in that it represents a serious infringement upon the sovereignty of the nation. You cannot mate an elephant with a rabbit. In addition, the United States no longer wants this kind of marriage. The United States feels we have gained too much benefit from the auto pact, despite the fact that we are still producing fewer automobiles in Canada than we buy. In other words, we are still not getting what should be our real share of the North American automobile market. Nevertheless, there are cries of anguish from the United States that we have been given too much.

The United States does not have to worry about its sovereignty or about its culture being dominated by Canada. They see only the minor economic advantages that accrued to Canada as a result of the auto agreement. On the other hand, we have to look beyond small economic advantages to the future of this country as a nation. I suggest that if we have many more pacts similar to the automobile agreement with the United States, this nation will not have a future. Already there is evidence that the real planning and decision-making process in this industry is no longer taking place in Canada. It never really did take place in Canada, but to the limited extent that there was some autonomy in this country, even that has largely gone. Decisions are being made south of the border. The design engineering and planning is done south of the border. We in Canada are the humble assemblers, the willing workers; we are a sort of annex to the main office.

When things get a little tight, if a choice is to be made in the matter of development on this side of the border or on the other side, the choice will be quite obvious to head office: they will favour locations in the United States. We will continue to be at the mercy of this kind of arrangement until we develop as autonomous an industry as it is possible for us to have free of all integration schemes. Another aspect of this problem is, as I have said, that there will probably be no more of these arrangements. The United States is in fact saving us from ourselves. It is the United States that is now unwilling to enter into further co-operative agreements of this kind. This is rather fortunate, since our government shows little concern about the future sovereignty of this country.

If we are going to take our rightful place and create the kind of wealth necessary in a society like ours, one that wants to do great things for its people and for other nations as well, we must improve production efficiency. It is quite obvious that the Canadian entrepreneur has not been able to stand up to the United States way of doing business; he has not performed his function in our society. We will have to develop a new kind of entrepreneur.

I hope that the Canada Development Corporation—if this government ever creates it—will perform this kind of function. I also hope industry in this country will pay attention to schemes of specialization and rationalization. The Department of Industry, Trade and Commerce is developing some programs along this line, but I also know that nobody is paying much attention to them. Should these matters not succeed in improving the productive capacity of this country, if we wish to remain a sovereign nation little choice will be left to us, but to take under public ownership many of our industries, if only to ensure that they will be efficiently organized and developed.

There will be other opportunities for debating the specifics of this bill. Although some of my comments have not been directly related to specific clauses in the legislation, I submit they are very pertinent when considering proposals regarding the freeing of trade. In conclusion, free trade in itself will not solve our problems. Unless we take steps to enlarge our productive capacities in industry, free trade could very well be our destruction.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, first of all may I say that if I were prepared to carry out the wishes of most people in western Canada I would at this time propose a motion to repeal or rescind the Customs Tariff which this bill seeks to amend. There is a strong feeling in western Canada at the present time that a free trade area should be formed among the three western provinces. We in the west are forced, as a result of the inaction of the government, to sell our products at world market

prices, yet under the provisions of this act we must pay tariff charges on practically everything we purchase. We feel that the provisions of the Customs Tariff are discriminatory and harmful to the economy of western Canada.

As the minister said, the purpose of Bill C-140 is to amend the Customs Tariff. The explanatory note indicates that the purpose of the amendments is to clarify the parliamentary procedure relating to continuing in effect any orders that may be made by the Governor in Council pertaining to certain sections and subsections. Under clause 3 we are told the amendment is required for clarification purposes only and does not change the existing law. For a number of years we on this side of the House have asked for clarification or for a change in the Customs Tariff. This has not been forthcoming even in respect of our pleas concerning clauses 5, 6 and 7 dealing with the implementation of the Tariff Board report. As I have said, many of us hoped that because of former representations amendments would be introduced at this time to clarify the meaning of the term "all other agricultural implements or agricultural machinery" under item 40924-1, schedule A, referred to by the minister. At present this is ignored not only by the government but by departmental officials and the Tariff Board. In other words, the term has no meaning whatsoever to the groups I have mentioned.

• (9:10 p.m.)

Briefly, they contend that if any implement or machine can be used for any purpose other than agriculture, it ceases to be an agricultural implement or machine. I contend that such an interpretation was not the intent of Parliament when this item was first put in the schedule, nor is it the intent of Parliament at the present time. I intend to prove that contention in a few moments. Also, it is not the intent of the minister who is piloting the bill through the House.

However, since we have delegated our authority or have shirked our responsibilities, the bureaucrats have taken it upon themselves to interpret these items in the narrowest possible way and the result is that farmers are forced to pay the tariff on implements and machinery which it was intended should be brought into Canada duty free.

There has been over the years in Canada a general impression that farm machinery and farm implements enter this country free of duty. Such a conception is erroneous because public officials refuse to recognize any meaning in the term "agriculture implements or machinery". As I said previously, they contend that if any implement or machine can be used for any purpose other than agriculture, it ceases to be an agricultural implement or machine.

For many years western members have been endeavouring to have the ministers responsible for the Customs Tariff make the amendments necessary to give clarification to the term "all other agricultural implements and machinery". In July, 1963, the then minister of finance stated, as recorded at page 2798 of *Hansard*, that the Royal Commission on Taxation was sitting and that he would send the commission copies of *Hansard* so it would have the benefit of the suggestions put forward at that time. To date, to my knowledge, there has been no action to indicate that this was ever carried out.

Then again, as recorded at page 2812 of *Hansard*, the same minister stated he was prepared to consider the point very carefully. He apparently is still considering it. He is not in the House at the present time. In each subsequent year the same request for clarification has been made whenever the opportunity has arisen to discuss the Customs Tariff. On December 3, 1968, the then spokesman for the Minister of Finance (Mr. Benson), while piloting a similar amendment to the Customs Tariff through the House said as recorded at page 3435 of *Hansard*:

> It is my understanding of the will of parliament, expressed in schedule A of the Customs Tariff Act, that implements and machinery for farm purposes come in duty free—

The person who made that statement is the minister who is today piloting this amendment through the House. With that statement, and all the pleas he realizes have been made on this particular topic in years gone by, he has not even today undertaken to amend the Customs Tariff in order to clarify something which he knows has been bothering western members for many years. I can say from experience, and I wish to inform those who are of the same opinion as the executive assistant to the minister, that such is not the case: the officials are not carrying out the will of Parliament.

If this is the intent and the will of Parliament, and if the officials are circumventing the intent by claiming lack of ability to interpret our meaning, what are we as representatives of the people to do about it? Nothing? A

matter of great concern to many rural people today is the growing indifference among citizens to their government and the increasing disenchantment of the ordinary person with Parliament. I suggest this feeling may in large measure be due to Parliament's inability to supervise and control their servants, the bureaucracy whose members actually administer the legislation passed by Parliament.

We appear to have been unwilling or unable to make them responsive to the needs of the public. We seem to have reached a period of bureaucratic arrogance and stagnation. We as members of Parliament have delegated our authority and, as I said before, are shirking our responsibility. The attitude of entrenched public officials is in my view the principal cause of the loss of respect for Parliament and parliamentarians as well as the passive hostility of so many Canadians toward the machinery of the state.

We speak of the public service and public servants, but these phrases have lost their original meaning. Indeed, to speak of a public servant in all too many instances is only to provoke wry laughter. There has been a complete about-face in this country. The servant has become the master, and an unfeeling and often tyrannical master at that. The departmental octopus has fattened on a rich diet of power and responsibility delegated by us as members of Parliament. As it has grown, its tentacles have reached ever farther and wider to embrace almost every aspect of the ordinary citizen's life. This uninvited embrace is neither friendly nor helpful. In his zeal to protect an abstract thing, usually referred to as the "public interest", the modern Canadian government official has come to regard the taxpayers who employ him as a menace that must be combated and frustrated in every way possible. He has forgotten that it is the legitimate interests of millions of individual Canadians that constitute the public interest he professes to serve.

It is the interests of these millions of his fellow Canadians that the public servant is hired to safeguard and advance. Instead, today our public service appears to regard the people it was set up to serve as at least a nuisance to complicate departmental administration, and often as an opponent who must be bested. Departmental administration has become an end in itself, divorced from the original purpose and intent of its relevant legislation. This is a perversion of the basic tenet of democracy, that government exists for the benefit and convenience of the people. Ottawa's bureaucrats today act as though the reverse were true.

The reason I have broached this subject at this time, Mr. Speaker, is that there are few areas in which bureaucratic arrogance and oppression are more clearly demonstrable than in the area covered by Bill C-140, to amend the Customs Tariff. There are few areas in which it is easier to illustrate the general public service practice of ignoring the legislative intent of Parliament and, incredible as it may seem, of even dismissing the clear interpretative direction given by courts as authoritative as the Exchequer Court of Canada.

Last summer I had the occasion to act for one of my constituents in an appeal to the Tariff Board from an arbitrary ruling by the Deputy Minister of National Revenue. It was not my first experience of dealing with this body or with officials of the Department of National Revenue. I was not unduly surprised, therefore, when despite what I considered to be a very reasonable case, the appeal was disallowed. This unfortunate experience has the dubious merit of illustrating perfectly what I have been saying about Ottawa officialdom. My constituent, a Saskatchewan farmer, purchased two 16-inch irrigation pumps for his farm on the reasonable assumption that such pumps employed to irrigate agricultural land would be classed as agricultural machinery or agricultural implements. As such he expected that they would be allowed into the country duty free. Not so, said the Deputy Minister of National Revenue and other departmental officials down the line. They said that these pumps were just machinery and as such were liable to be taxed 15 per cent *ad valorem*.

• (9:20 p.m.)

Throughout my dealings with the department and the Tariff Board never once was there the slightest hint that these public servants were trying to give a generous interpretation which might help the taxpayer. On the contrary, it was as though we were guilty of some offence by appearing before them and we were trying somehow to swindle the government. Perhaps, more important, there was never a peep at any time that there was any other course open to this farmer by way of appeal other than to take his case to the Tariff Board. This is a point on which I will

elaborate later. To get back to the Tariff Board, our contention was that the irrigation pump should be classified under schedule A. This is the item that takes in all other agricultural implements or agricultural machinery. No ordinary citizen has the money to hire a lawyer, import witnesses and come all the way from Saskatchewan to fight the Department of National Revenue before the Tariff Board on such an item as two farm pumps.

We had to be content with the written assurance from the firm that made the pumps that they were primarily used and designed for irrigation work, my constituent's assurance that he bought these pumps for work on his farm, and with citing the judgment of the Exchequer Court in a similar case stating that the broadest interpretation should be given to items falling under this schedule. On the other hand, the Crown was able to array against my constituent not only officials of the Department of Justice, expert in confounding appelants, but at least four favourable witnesses whose contribution was to say that the pump was not an agricultural implement, although they had no idea what an agricultural implement was. They blandly stated that a pump was not an agricultural implement whether it was a pump for the tractor on a farm or a pump for irrigation. This is ridiculous. I consider this to be an unjustified expenditure of money. This is what the weight of officialdom really means: all the cards are stacked against an appellant in such cases.

Most people just pay the tax and swallow their anger and resentment. The whole system of pitting the government against the citizen is an unequal struggle and is exactly what I am attacking tonight. Government officials and agencies such as the Tariff Board appear to regard every citizen as a rascal. Their method of listening to appeals from an arbitrary ruling by an individual bureaucrat is a reversal of the fundamental principle of British justice that guilt against the individual must be proven, not that he must prove his innocence.

Any Canadian who has faced a government tribunal such as the Tariff Board is immediately aware of the fact that he is regarded as being guilty of something. It becomes evident that the board, chaired by an ex-civil servant, is sympathetic to the bureaucratic cause. Other members of the board are aware of those responsible for their re-appointment. I will have more to say on that subject at a later date. In my opinion the Tariff Board is a waste of public funds. It is inflexible, costly and negative. It operates in the shadow of the officials of the Department of National Revenue. It gets troublesome people off the back of the department and provides handy precedents for the future use of officials in handing down their own unilateral rulings.

In my view it is this sort of thing that makes the state apparatus so burdensome to Canadians. The ordinary individual is helpless to cope with officialdom with all its facilities and know-how. Both the officials and their facilities are paid for by public funds, so that the taxpayer is being bedevilled by his own money. The concept of the public service, that government is a contest between the departmental official and the public, is a gross perversion of democracy. The "in group" of the public service disdains both Parliament and the courts. They seek guidance and find precedent only within themselves. In the appeal to the Tariff Board on the question of irrigation pumps, the board's attention was specifically drawn to the finding of the president of the Exchequer Court at Winnipeg on June 22, 1954, in which he held that the ambit of the terms "agricultural implement" and "agricultural machinery" is a very wide one and a decision on this question requires consideration of the use to which they are put.

Certainly the Tariff Board in this instance ignored both the president of the Exchequer Court and his recommendation for consideration of the use to which the pumps in question were to be put. I believe, too, that the board ignored and continues to ignore the intent of the members of Parliament who formulated the pertinent acts. May I point out, Mr. Speaker, that such clauses as that included under schedule A are contained in legislation to make provision for cases which cannot otherwise be legislated for. They are to apply to any machines that may be designed between now and the next time this measure is amended.

In conclusion let me return for a moment to a matter I mentioned earlier, that is, other avenues of appeal and the relief open to taxpayers. I may be naive, but I believe that any good public servant who truly believes in serving the public will take every opportunity to point out to a beset citizen every possible avenue open to him to achieve relief from burdensome legislation. Why, then, is the

relief provided under section 22 of the Financial Administration Act kept such a deep, dark secret from ordinary people who have neither the means nor the opportunity to know of its benefits? Is it a device reserved only for large corporations or millionaires with ready access to professional legal or tax experts' advice?

The Treasury Board, under the provisions of section 22, can remit any tax, fee or penalty if it is deemed to be in the public interest. One might well ask, again: What does the term "public interest" mean? All one needs to do in order to see the extent to which this privilege has been extended is to examine the pages at the back of the Public Accounts. Those for 1968 contain the names of hundreds of firms and individuals whose taxes, fees and penalties ran into the millions, all of them remitted on the simple say-so of the Governor in Council. I know of no official in the public service willing to disclose such means of possible relief. Such information is guarded by a misconception which holds that something called "the public interest" is thereby being protected. All I can say to that is that it is a warped concept of the public interest.

I would like to refer now to some of the items that have been remitted by the Governor in Council on the recommendation of Treasury Board. It is impossible in the time allotted to me to cover all of them, but as I stated, they are listed in the Public Accounts because of section 22(8) of the Financial Administration Act which makes it possible for every item over $1,000 to be listed so that the public can see it. Some of these remissions were under various headings. They may have no connection with the bill under consideration, but I suggest that a great many of them have. It is revealing to see the number of automobile companies, railways and so on that have had thousands of dollars of taxes, such as customs and excise tax, remitted.

• (9:30 p.m.)

Mr. Speaker, the pleas made on behalf of western farmers have in most cases been in respect of only a few hundred dollars, but the government will take no action to protect these farmers. It does give large corporations and millionaires protection on all sorts of things. Even remissions are granted on cars. There is one here listed as, "Remission of duty and sales tax on a 1966 Mercedes-Benz automobile not entitled to free entry under... the Customs Tariff because it was not owned abroad for the period specified..." Some $1,300 remission was granted on it. here are several items here for remissions with respect to other cars, because the people concerned knew how to get the remissions.

I would like to direct the attention of the House to another item which comes under the heading, "Remission of Taxes Imposed Under the Excise Tax Act in cases where, on the basis of expert opinion, it is considered that litigation would not be expedient." Some $620,000 are involved here. Some of the individual amounts are outstanding. There is one time, for one company alone, of $290,000.

The next item I would like to direct attention to comes under the heading, "Remission of customs duty and sales tax in respect of certain motor vehicles, and in respect of parts and accessories and parts thereof for such vehicles." Here there is a list of automotive manufacturers, and the largest amount is for Mack Trucks Manufacturing Co. of Canada Ltd., Montreal, $1,426,041. There is another heading, "Remissions of customs duties and excise taxes payable on articles imported in excess of a pro-rated amount assessed for each month such imported articles remain in Canada." The list goes on for page after page. Just to mention a few, there are Chrysler of Canada, General Motors of Canada, International Business Machines, Goodyear Tire, Pacific Western Air Lines, Playcraft Toys, Rolls-Royce of Canada, Scott Paper Limited, and Smith and Stone Limited.

Here is another one that is very interesting, and I would just like to read the heading:

> The following remissions were granted on the recommendation of the Minister of Finance, the Minister of Industry, and the Treasury Board under the Automotive Adjustment Assistance Program, the stated purpose of which is to help Canadian manufacturers of automotive parts and accessories improve their competitive position by encouraging modernization and efficiency in their industry—

That is the very reason that the farmer imported these pumps, to modernize his farming methods, to improve his production. But all the effort he has made, the money he has spent and the time which I as his representative spent on his case, have not been successful in achieving a favourable decision for him. Yet big companies are encouraged by the government to modernize their industry. The government recognizes this principle with respect to eastern industry but will not recognize it with respect to western agriculture. I ask the government, why not? The amount that has been remitted under this heading amounts to over $500,000.

Here is another part of a heading, "...customs duty on machinery and parts as described in the various remission orders and schedules thereto..." This does not give the names of the companies involved. It just says P.C. No. so-and-so of such-and-such a date, and the total amount is almost $2 million.

Earlier tonight we heard about the amount of money which the Canadian people had to put up for Expo. I am sure hon. members who spoke in that debate did not know that a great deal of customs taxes were remitted to certain people in regard to the exposition. It is all listed here. In fact, one of them is very funny; it reads, "Remission of sales tax to... two firms on United States aircraft for use to transport members of a Detroit club to attend 'Michigan Day' at the Canadian Universal and International Exhibition, Montreal, 1967." Here is another one, "Remission of customs duties and excise taxes on steam boilers and auxiliary machines and equipment installed in a fertilizer plant." We heard about that a few moments ago.

Here is another item, Mr. Speaker. It reads, "Remission of duty and excise taxes on a 1967 Ford station wagon not entitled to free entry under item 70321-1 of the Customs Tariff because it was not owned abroad for the period specified in the item." Some of these are very interesting. Here is one, "Volkswagen (Canada) Limited, Toronto, remissions of customs duty and excise taxes" etc., amounting to $101,000. There is another item for Volkswagen (Canada) Limited, Toronto, "Remission with respect to 10,918 Volkswagen automobiles imported during the period December 7, 1964, to July 28, 1965, of customs duty and the portion of sales tax attributable to the duty remitted, $2,187,532." Under the previous heading with respect to these items the total comes to $25 million. I can go on and on. Here is Air Canada, Montreal, another remission for Montreal of $1,800,000. Someone suggests that this is a just society with just taxes for some. We in western Canada will agree it is not just for the farmer in western Canada.

The last heading I quote is, "Other remissions were granted as follows." Then there are listed four judges, one of the Superior Court of Montreal, another of the Supreme Court of Quebec, and so on. These judges had the know-how. But over the years farmers have had to pay customs duty that they should not have had to pay, customs duty that the minister has said he is sure they should not have to pay. He inferred this in the statement he made on December 3 last year. He is under the impression, as are all other people in Canada, that agricultural implements and machinery enter Canada customs free. That is not the case, because the minister on a previous occasion, and ministers before him, refused to clarify the term used in the act. We western members have repeatedly asked for clarification of this term. We say, give the civil servants some idea what is meant by this term so that they cannot dispute it. Without that clarification the farmer will have to take the matter to the Supreme Court of Canada, a procedure he can ill afford.

Lately there has been a great deal of discussion about the failure of the government and government departments to communicate with the public. Perhaps a good start could be made by informing Canadians of legitimate avenues of relief that exist for all. This one I have dug up may be one such avenue. I am not a lawyer; I am not a tax expert, and so I am not aware how many other avenues exist for the farmers I represent. As I say, I have been fighting this case for a number of years. I have taken it to the Tariff Board; now I am taking it to the minister. I shall advise my constituent to ask for a remission of that tax as other people have done. Why were we not told about this?

I dismiss the idea of an ombudsman mainly on the basis that I believe such an official would be largely powerless to assist in cases of real grievance. He would be like the Auditor General, totally ignored by the government. This matter was referred to by the hon. member for Wellington (Mr. Hales) earlier this evening. But it may well be that we need something like the ombudsman concept, some body or bodies devoted to protecting ordinary Canadians from the tyranny of the faceless bureaucracy and able to impress on public servants the real meaning of public service. This might help to dispel the hostility toward politics and politicians, toward government departments and Parliament, which is a growing menace to our form of parliamentary, democratic government.

• (9:40 p.m.)

At this time when we are amending the act I would ask the minister to consider clarifying the term I have referred to, "All other agricultural implements and agriculture

machinery," so as to give a clear interpretation of the intent of Parliament. On December 3, 1968, at page 3434 of *Hansard*, I suggested the item should read, "All equipment, apparatus machines and implements N.O.P. for agricultural use", N.O.P. meaning "not otherwise provided". We are not asking for much; in fact, we are not asking for as much as is now enjoyed by eastern industry. I would ask that the minister consider this suggestion in view of his statement of December last that he was under the impression that all agricultural implements and machinery are entering Canada duty free. I can assure him from personal experience that they are not.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I shall not impose myself upon the House for any great length of time, but some of the remarks of my colleague from Swift Current-Maple Creek (Mr. McIntosh) have prompted me to raise a point or two for clarification of the expression "all agricultural implements and machinery". I trust that I may be permitted to refer specifically to certain machines as an example of the frustration experienced by farmers in southwestern Ontario. I have no intention of pointing the finger at anyone, but I suggest there should be more flexibility and more imagination used by those who administer the regulations. I hope the example I use will clarify my meaning.

A number of years ago ammonium or nitrogen fertilizers were a new thing in the agricultural industry and anhydrous ammonia was one of the wonder fertilizers introduced. It did a tremendous job of improving the growth of corn, for which our part of the country is famous. This chemical is applied under pressure into the ground by an applicator—the uninitiated may call it a cultivator. The cultivator has three or five teeth. Mounted on this machine is a 250 or 500-gallon tank holding the anhydrous ammonia which is released underground by pressure. This was fine in the days of 50 or 60-horsepower tractors, but we have been encouraged to modernize in order to meet competition in the North American market and now have much more powerful tractors of 100 and 125-horsepower. In turn, to work efficiently these tractors need bigger machines with which to apply the anhydrous ammonia to the corn crop.

According to our regulations, Mr. Speaker, a tank on a three or five-tooth applicator supposedly comes into this country duty free. This means that we can compete with our American counterparts. But in order to become more efficient some people are using much larger applicators; instead of the three or five they are using seven, nine or even eleven-teeth applicators which in turn require a larger tank. You can go only so far with a mounted piece of equipment. These 1,000 gallon tanks cannot be mounted on the cultivator, so they are being pulled behind the outfit on a wagon. But in this case they do not come under the same regulation as the cultivator type. If I am wrong, I hope somebody will correct me.

That is all I have to say, Mr. Speaker. To my mind it is completely incongruous that machines doing the same job and differing only in size should be treated differently under our Customs Tariff. On their tour through southwestern Ontario the agricultural committee—and I see some of the members here tonight—saw what I am referring to. They know what I mean when I speak about the big outfits, and I hope some of them will back up my presentation in this very serious matter, this unfair competition which is facing the farmers of southwestern Ontario.

In conclusion, Mr. Speaker, I hope that our administrators will stay abreast of current advances in technology and will treat the new, larger outfits the same as the old-fashioned ones. As my hon. friend from Swift Current-Maple Creek has pointed out, this is done in industry and it should also be done in agriculture in order to encourage the modernization of our farms.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to say a few things about these changes. I really do not think they will do a great deal for the western part of Canada, the part which I represent. The Kennedy Round has not been one of the most fortunate things that ever happened to us and I expect it to run true to form in the matter we are now discussing. In 1969 the government stated that a very useful method of intensifying competition would be to put into effect immediately following the remaining tariff reductions of the Kennedy Round. I suppose the government believed this to be true, but as I watched the oil companies increase the price of fuel to the farmer by a cent a gallon I lost a lot of faith in the hope of competition changing the input costs to the farmer in western Canada. I suppose this would also be true of eastern Canada. I have

lost a fair amount of faith as a result of this particular approach.

• (9:50 p.m.)

The previous speaker suggested some of the other members of the committee might bear out what he said about certain equipment being used for applying fertilizer. I think he was referring to the day when an Ontario farmer was describing his difficulties in the field of fertilizer application. I was informed, and I think my informants were reliable, that Ontario farmers were going to the United States and trucking fertilizer back in order to save themselves some money. You can go into western Canada, where I farm, and see the very close relationships that exist between the suppliers of various fertilizers. This leads you to the inescapable conclusion that at some place along the line, either tacitly or openly, some agreement or understanding has been reached on the price at which fertilizers of various classification will be offered to the farmer; there is agreement about the price he will pay for it. For that reason I cannot stand here and shout great hurrays because of some changes that are proposed.

We read of concessions being given to manufacturers in the east and of the adjustments they are supposed to make to the new, lower rates. All this may mean that there may be some adjustments. But when you look at the continuing increase in the cost of living and the continuing cost of inputs or business costs of farmers, wholesalers and retailers in the area where I live, I am afraid I must say —unless I am shown otherwise—that these adjustments are not filtering down to us; they are not getting through.

The other part of the Kennedy Round which has been little less than disastrous to western farmers is that having to do with grain negotiations. I include the negotiations with respect to cereals. This was the first time that cereals had been brought into the negotiations under the General Agreement on Tariffs and Trade. Some of us thought, rather naïvely, that this would make it easier for us to go to the market, that it would enlarge markets and we would be better off. But that did not happen; instead, our markets are contracting. We negotiated prices under the Kennedy Round, but those prices have not been followed. Canadian officials have gone to meetings in Europe and the United States to discuss prices and the agreement we made. They went there, in so many words, to plead with the people on the other side of the table to abide by an agreement to which nations had affixed their signature.

I recall a minister saying just a day or so ago that he was hopeful that the plateau in prices which has been reached would hold. What kind of agreement is the Kennedy Round? Why is it that we and other nations feel bound to adhere to one area of the negotiations but not to adhere to and maintain that part which concerns wheat prices? Why do other nations not feel bound to maintain the price for wheat that they agreed to under that agreement? I wonder why we, as Canadians, are putting so much faith in the Kennedy Round? I wonder why we think it will help us be more commercially effective than we have been up to now? We have attempted to stabilize the market for our products, but we have been less than successful. I suspect that tariffs and juggling with tariffs is not the answer to our problems. I think it is about time we looked at our situation, at least in so far as it affects the farming sector of Canada, and considered how we might improve it by bargaining face-to-face with some of the nations which are prepared to purchase our products and do business with us in a straightforward fashion. I believe we have pretty well come to that point, because the Kennedy Round simply has not accomplished the type of agreement, the type of good will and the type of understanding and expanded trade among nations which it was supposed to accomplish. I think we may as well face that fact and go on from there.

[Mr. Gleave.]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

INFORMATION—RETRAINING PROGRAM—LACK OF KNOWLEDGE BY FARMERS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, on November 6 I addressed a question to the Minister of Manpower and Immigration (Mr. MacEachen) about the Task Force on Government Information. I asked, as reported at page 591 of *Hansard*, the following question:

In view of the fact that the report of the task force on government information revealed that approximately 40 per cent of Canadian farmers

were not aware of the government's retraining programs or even the location of manpower centres, is it the intention of the government to provide some emergency information to the farmers or must they wait for a white paper on this subject?

In the next few minutes I wish to outline why I was motivated to ask this question of the Minister. I think it is very important. Basically, I had two reasons for asking the question. First, it is obvious from the task force report that the farmers of western Canada are not aware of federal government programs that are available to them. It is said that only about 40 per cent of our farmers are aware of federal government programs. It is also said that a very large proportion of Canadian farmers are not aware of the location of manpower centres in their localities.

The second reason for my asking the question is the farm crisis we are today experiencing in western Canada. Because of this crisis there is today an accelerating shift of rural dwellers into the urban centres of our country. This is the most drastic shift we have seen since the 1930s, and it will get worse and worse.

If you look at the basic figures, Mr. Speaker, you will see that last year the average income per acre to farmers in western Canada was $8.09. Meanwhile, costs per acre have risen to $21.49. I emphasize that income per acre is $8 and outgo $21. Clearly, even the most efficient farmer cannot begin to make ends meet. This situation affects everybody in western Canada—the farmer, the teacher and the small businessman. Small businesses are closing. Farm machinery sales, for instance, have dropped by about 23 per cent. Housing starts are down by 21 per cent. This means disaster to the whole economy. As a matter of fact, about the only business that is making any profit or headway nowadays is the moving business in moving people into the cities and out of rural areas. That is why I pose my question. We find that when people from rural areas move into the cities many of them join the ranks of the urban poor and unemployed. This not only affects the unemployed person, but his family and the future of the family educationally as well as in many other ways.

• (10:00 p.m.)

Just the other day a presidential report in the United States dealt with the reasons for violence and the question of the prevention of violence. It suggested there was in the United States a very high relationship between poverty and violence. Another commission set up when Kennedy was the President suggested that one reason for the decaying of cities relates to poor people coming in from the countryside to join the ranks of the urban poor. We have to try to avoid this situation not only for the sake of the individual but for all society.

Why are the farmers not being informed about government programs? I think the first reason is that the government is not getting information to the farmer about the type of programs now available. First and foremost we should keep the farmers on the farms by making them aware of new techniques, planning, agricultural economies and methods. If a farmer has to leave the farm we should make him aware of the different training programs available to him as well as the different relocation programs. We should make him aware of the types of jobs and skills available to him with his qualifications. According to the task force, this is apparently not being done today. It could, of course, could be done through public relations efforts at each of the manpower centres. It could also be done by sending letters to all the farmers, together with leaflets and pamphlets This should be done in times of crisis such as the one we are now experiencing.

Besides this we could use the media of radio, television and newspapers in order to spell out what is available to these people with their qualifications. We must begin an emergency program and work in this direction, because 40 per cent of our farmers are not aware of the many programs which exist, and there is a farm crisis in the west.

Before resuming my seat let me refer to one or two precautionary measures. First of all, I am in favour of the family farm and reaffirm that we should help as much as possible those farmers who are in economic difficulty which will eventually lead them to seek other employment. Second and last, I should not like to see this report become an excuse for the government to issue propaganda through various agencies. This is being done by a number of provincial governments. The information that must be provided should be legitimate and should inform the farmer, other individuals and specific groups, of the government programs open and available to them. I am looking forward to the minister's reply in respect of the suggestions I have made.

Proceedings on Adjournment Motion

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the hon. member has stressed the negative aspects of the report. On the positive side is the fact that two thirds of the farmers did know about the program although it had at that time been functioning only for two years. It can be inferred that all the information since made available to farmers will in the meantime have contributed to reducing the percentage of those not aware of the existence of these services.

It should also be taken into consideration that farmers are not as interested as other workers in this type of service. They are so to speak their own bosses and not looking for jobs as other people might be.

[*English*]

For example, a current advertising program in magazines and on radio covers all regions of the country, urban and rural. Canada Manpower centres throughout the country continually advertise in daily and weekly newspapers the availability and starting dates of adult retraining courses. In addition, 350 Canada Manpower centres dispense a wide variety of pamphlets and brochures dealing with adult retraining.

The Canada Agriculture Manpower Committee, composed of federal and provincial officials concerned with problems in the agricultural manpower area, met recently to consider experimental projects which could result in new initiatives in the training of agricultural workers. These pilot projects would focus on the training needs in this field and serve as the basis for the development of courses. This development could lead to intensified information efforts aimed at farm organizations and the general rural population.

PENITENTIARIES—DORCHESTER—EXTENSION OF WORK OF JAYCEES WITH PAROLEES

Mr. David MacDonald (Egmont): Mr. Speaker, on Monday, November 17, I directed a question to the Solicitor General (Mr. McIlraith) having to do with the outstanding work which has been done for almost a year and a half by the Moncton Jaycees in response to an opportunity to work with the inmates of Dorchester penitentiary as well as with the inmates of the Westmount county jail.

In a day and age when we can be increasingly cynical about the activities of a number of service clubs and organizations, the work of this outstanding group is to be highly commended. The fact that at a recent banquet on November 15 this group received a congratulatory telegram from the chairman of the National Parole Board, Mr. Street, as well as from the Solicitor General, indicates the degree to which its activities have been recognized.

I raised the question in the House because I was concerned, first, that the work of these people should be encouraged and enlarged and, second, that the example of the group should not be lost sight of, so that we might see an increase in this kind of activity across the country. The local newspaper was moved to publish an editorial after the recent banquet of the Moncton Jaycee unit in which it said:

> Members of the Moncton Junior Chamber of Commerce have drawn high praise from Mr. T. George Street, Chairman of the National Parole Board, for their fine work in helping make possible a day parole release system for several inmates of the Maritime Penitentiary at Dorchester and the Westmorland County jail.

I can speak from personal experience about the work which has gone on in the penitentiary itself. It was my privilege in June of this year to spend an evening in Dorchester penitentiary. I suppose the advantage of spending an evening there is that one can leave at the end of the evening, unlike most of those who make their homes there.

The thing that amazed me was the calibre of the meeting which was conducted that evening. I have rarely attended a public meeting conducted on such a high level as the one which was held that evening behind the bars of Dorchester penitentiary. It is easy for a lot of people to believe that those who run afoul of the law and end up in a penitentiary are limited in outlook and that they are not interested in the wider questions facing our society. I can tell you, Mr. Speaker, that I have rarely been asked such searching questions on such varied issues as were placed before me that evening by the members of the Dorchester Jaycee unit. The way in which the meeting was conducted spoke volumes for the members of the Jaycee unit which is behind bars in that penitentiary as well as for the assistance given by the Moncton Jaycee unit.

While there is a very active Jaycee unit in the penitentiary, composed of some 50 members, it is unfortunate that outside in the

farm annex no Jaycee unit has yet been put together. Encouragement has been given by the Moncton unit, but unfortunately one has not yet come into existence. Perhaps as a result of my encouragement and that of the minister, such a unit will be established there.

• (10:10 p.m.)

A more remarkable program was begun in May of this year, when members of the Jaycees unit began to provide transportation for day parolees from Dorchester to Moncton. Here we have volunteers, young businessmen from the Moncton community area, leaving their homes every morning at 6 o'clock or 6.30, driving the 20 or 30 miles to Dorchester, picking up an inmate and bringing him back to Moncton. The inmate goes to work for the day at Moncton, and then at the end of the day, around 6.30 or 7 p.m., he is driven back to the penitentiary. One man in particular single-handedly carried on chauffeuring for a month to six weeks. Since then others have joined him. They are driving up to 500 miles a week at their own expense, and the whole thing has been a considerable undertaking. A week ago Saturday I had the opportunity of spending part of the day with one inmate who was participating in this program. I had the pleasure of his company when I attended the banquet that evening, and I can tell the House that this kind of work is beyond the normal kind of rehabilitation that has been carried on in our penitentiaries.

These volunteers from the Moncton Jaycees are making a unique contribution to the rehabilitation of men who found no hope but who, through this kind of assistance, are now finding in many ways immense hope. To give just one example, of 30 members of the Jaycees unit since released, only five have returned. That may seem a large figure to some who are uninformed about penitentiaries; but for those who know that the recidivism rate in Canada is around 75 to 80 per cent, the figure of 25 men who are "making it" out on the street, so to speak, is an astronomical one.

May I congratulate the minister and his officials for the work they have done to assist the Jaycees unit, and I hope that their good work will not stop there. We know that this kind of social education is a must, and that there must be some basic citizen interest if we are to further the work of rehabilitation. For too long have our penitentiaries operated on the basis of punishment and revenge, offering very little in the way of long-term protection to society and in terms of rehabilitation.

The Dorchester Jaycees, a reflection of the Moncton Jaycees unit, have shown the way through the group operating in the penitentiary and the day parole program. They have made plans for the future acquisition of a halfway house, with which I hope this government will assist, as well as for eventually providing transportation for prisoners with the object of integrating them into the community of Moncton and beyond. I look forward to hearing the minister reply to this extended question.

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, I want to thank the hon. member for raising this question. May I also thank him both for the remarks that he made about the work of the Jaycees in Moncton and for the remarks he made about the correctional services and their part of the program. The object and the task of the whole correctional services system in this country must be the effective restoration of the inmate, the person with whom they are concerned, so that he can usefully participate in society as a normal citizen, playing his full part. You can express it in many ways, but that is what it comes to. To do this, it is quite clear that the best results are achieved when you have the full co-operation of the offender and of the correctional services personnel—that is, the penitentiary or the Parole Board, as the case may be—as well as of the local community. Tonight the hon. member has drawn attention to the importance and effectiveness of the part played by the local community.

This kind of program has been extended in various ways to different parts of the country. Fifteen or 20 different types of groups and societies have offered assistance. Bodies like the John Howard Society, the Elizabeth Fry Society and similar better known societies, as well as many other church groups and local service groups, have got together to this end.

Some groups have got together, without having any other background of organization, and in an effective and co-ordinated way have the full guidance and proven co-operation of the institutions, correctional service or parole board as the case may be. We have gone much further in utilizing this service and are trying to encourage it by every means possible. It becomes important not only

in the way spoken of tonight but also in those areas where we have pre-release centres in the cities. The inmates prior to release are placed in these centres; then they are sent out to look for work, or perhaps begin work if jobs have been obtained. This takes place before their sentences have expired or when they are out on parole. Sometimes they attend universities and schools. We have done this with what promises to be considerable success in some cases with very young offenders—

The Acting Speaker (Mr. Béchard): Order, please.

Motion agreed to and the House adjourned at 10.20 p.m.

HOUSE OF COMMONS

Tuesday, November 25, 1969

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

STATEMENT ON DELIVERY OF RELIEF SUPPLIES TO BIAFRA

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in the past few days several questions have been asked of me in the House of Commons with respect to steps taken by the government of Canada to assist in the shipment of relief supplies to the civilian populations of the secessionist areas of Nigeria. Because it is desirable to set forth in a single statement the several aspects of Canadian efforts in this regard, the following brief chronological record has been prepared:

1. In October 1968, Canadian Forces Hercules aircraft were despatched to the Nigerian area for use in carrying relief cargoes to Biafra. One of those aircraft joined the night airlift, the hazards and inefficiences of which were then and have always been recognized.

2. In late October 1968, my personal representative, Professor Ivan Head, journeyed to Lagos for discussions with the Nigerian head of state, General Gowan, about the possibilities of additional relief shipments. It was as a result of that Canadian initiative that the Nigerians agreed to permit daylight relief flights subject to only a single condition, an undertaking by Colonel Ojukwu that he would not take advantage of the situation and fly in arms during daylight hours.

[*English*]

3. The proposal for daylight flights on these terms was transmitted through the International Committee of the Red Cross and other channels to Colonel Ojukwu. When in November no reply had been received from Colonel Ojukwu, and the Nigerian government announced that it could no longer guarantee the safety of aircraft flying into Biafra at night, the Canadian government withdrew its aircraft. Canada stated at that time that it would consider replacing the aircraft once appropriate daylight delivery arrangements were concluded.

4. Not until June, 1969, some eight months following the announcement of the daylight relief flight proposal, did the Biafran authorities comment officially upon it. Not even then did Biafra accept the idea of daylight relief. It only said that, subject to five conditions, it would be "willing to consider" daylight flights.

5. Since early 1969, and with the knowledge of the Nigerian government, contacts have been made and discussions about relief and other measures subsequently held by Canada with representatives of the Biafran regime. The Secretary of State for External Affairs has spoken with Biafran authorities in New York; various Canadian officials have met with Biafran representatives in London, Ottawa, Geneva and New York, and are continuing to do so in one or more of these places whenever it appears appropriate to do so. It is in this light Mr. Speaker, that my statement of last week must be viewed when I said there had been contact at the ministerial level. This contact was made at New York; of course there have been other contacts at the official level in the various capitals, as I have just said.

6. In an effort to overcome the delivery difficulties the Canadian government has consulted continuously with a number of other donor governments which make up what is known as the Hague Group. It has consulted as well with the United States government. That government, early this year, took the recognized lead in Nigerian relief activities when President Nixon appointed Ambassador Clyde Ferguson as his official representative to co-ordinate humanitarian assistance to Nigeria.

• (2:10 p.m.)

7. In June of this year I sent my representative back to Nigeria to ensure that General Gowon's single condition for daylight flights remained unchanged. Professor Head then journeyed to Tanzania on my behalf to speak to President Nyerere, the leader of an African country which had recognized the independence of Biafra, about all aspects of the Nigerian situation.

Minister's Statement on Biafran Relief

8. On July 10, in an attempt to meet Biafran contentions that daylight flights would prejudice its military position, the Secretary of State for External Affairs offered to send Canadians to the area to act as inspectors of relief cargos.

9. In the early summer the International Committee of the Red Cross began negotiations in Geneva in an attempt to solve the flight impasse which by then had reached a critical point as the Nigerian Air Force increased its efforts to prevent night flights of arms from reaching Uli. After one of its aircraft was shot down, the ICRC halted its night flights.

10. A Red Cross proposal for daylight flights—I repeat, Mr. Speaker, this whole business of daylight flights was begun as a result of Canadian initiative—the whole idea was brought up as result of Canadian initiative which followed upon our obtaining from General Gowon his consent to such flights.

Mr. Bell: Wonderful fellows!

Some hon. Members: Oh, oh!

Mr. Trudeau: Apparently the opposition does not believe in daylight flights.

Mr. Stanfield: Yes.

Mr. Bell: We do not believe you.

Mr. Woolliams: You are reading it very well. A little on the quiet side.

Mr. Diefenbaker: We do not believe in alibis for inhumanity.

An hon. Member: Smile on.

Mr. Trudeau: Still thinking of those Christians over there, Mr. Diefenbaker?

An hon. Member: You do not even know anything about Parliament.

Mr. Speaker: May I take the liberty of reminding the right hon. Prime Minister that members are to be referred to by constituency and not by name.

An hon. Member: He doesn't know.

Mr. Trudeau: 10. A Red Cross proposal for daylight flights was given to both Nigerian and Biafran representatives in Geneva on August 1. Biafra accepted the proposal in principle on August 14 but made its acceptance subject to the condition that it would continue to use Uli airport for its own operations. The Biafrans offered no evidence that they were prepared to meet the single Nigerian request that arms not be flown in during daylight hours. The paper setting out "technical modalities" of daylight flights, drawn up by Professor Freymond of the ICRC and Dr. Cookey of Biafra, and circulated by the Biafran authorities, must be read in light of this Biafran condition.

11. In late summer the ICRC sent a team of representatives to Nigeria in an attempt to conclude a daylight relief agreement with both sides, no agreement having been reached with either side up to this point. On September 13 the federal Nigerian government and the ICRC reached an agreement for an internationally-inspected and militarily-inviolable daylight relief airlift. The agreement included, at Nigerian insistence and reply to the Biafran condition for what amounted to daylight military use of Uli airport, a clause that the agreement should be without prejudice to military operations by the Nigerian government.

12. The Biafran regime refused to conclude an agreement with the Red Cross. Biafra, instead, demanded in a press statement dated September 15 "a third party guarantee which will ensure that daylight flights are not used to military advantage by Nigeria." The statement continued to say that "the only guarantee acceptable to Biafra is that of a third government or international organization of a political character."

13. The governments of Canada and the United States immediately attempted to provide assurances to meet this understandable Biafran fear of military disadvantage. Discussions toward this end took place in Ottawa and in Washington and involved officials of the Prime Minister's office and the Department of External Affairs and officials of the White House and the Department of State. Included in these discussions as one element of these assurances was a proposal for Canadian observers to travel on board relief aircraft.

14. Canadian officials subsequently met with Biafran representatives in Geneva. Ambassador Ferguson, who had been agreed upon as the person who should convey formally these offers, travelled to Africa. As set forth in the Washington statement, dated November 12, 1969, the Biafran authorities on October 24 formally rejected the offers which were designed to protect Biafra from military disadvantage, which is exactly what they had asked for.

15. Canadian officials in Geneva have been informed by Biafran representatives that Biafra demands more than military assurances; that, in addition, guarantees of a political nature are required in order to break the impasse. The Canadian government is not willing to give the political guarantees demanded as these would be tantamount to recognition of an independent state of Biafra, and an overt interference by Canada into the political affairs of another country, contrary to the resolutions of the Organization of African Unity.

16. During the past several weeks, the Secretary of State for External Affairs has continued his discussions about Nigeria with some 25 other foreign ministers, many of them from African nations, at the United Nations. I talked to Secretary General U Thant about the problem in New York on November 11 as I had a year earlier. Canadian leaders have pursued the Nigerian issue with the leaders of two African countries who have visited Ottawa this fall. They were President Hamani Diori of Niger and President Nyerere of Tanzania. I can say that the unanimous view of these African leaders is that the Organization of African Unity resolutions must be respected.

17. The government is now considering, as stated a few days ago, alternative means of delivering relief to Biafra in daylight. It does so while agreeing entirely with the recent statement of United States Secretary of State Rogers: "Daylight flights under agreed procedures...remain the only practicable scheme for an immediate and substantial expansion of relief operations."

18. The government's concern remains, Mr. Speaker, as it has throughout, and as does that of hon. members opposite and indeed all Canadians, with the innocent civilian victims of this tragic war. Delivering adequate food and relief supplies to these people must be our resolve, notwithstanding the disinclination of the Ojukwu regime to accept it, except in return for political advantage.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in finishing his statement the Prime Minister passed very harsh judgment on Colonel Ojukwu. We are not in a position in this House to assess the faults of those involved in this dreadful disaster. But we are in a position, as it is our duty to do, to pass judgment on the government of this country and the Prime Minister of this country for the way their responsibility in relation to this matter has been discharged.

Some hon. Members: Hear, hear.

Mr. Stanfield: The Prime Minister has really given us nothing more than a catalogue of excuses for inaction.

An hon. Member: Shame!

• (2:20 p.m.)

Some hon. Members: Oh, oh!

Mr. Stanfield: The Prime Minister and his government colleagues are trying to escape the indictment they deserve, because this issue has profoundly affected the Canadian people. A government that proclaims participatory democracy on the one hand cannot be indifferent when the people respond. The people have left no doubt about their anger over government inaction.

Let us be under no illusions, Mr. Speaker, about the purpose of the statement made today by the Prime Minister. Hundreds of thousands of Canadians watched a television show on Sunday night in which an important statement made by the Prime Minister in this House was shown to be misleading.

Some hon. Members: Oh, oh!

Mr. Stanfield: The Prime Minister was asked in the House whether there had been any recent requests to the government of Canada by Canairelief for relief assistance and aid. On November 17, as recorded at page 874 of *Hansard*, the Prime Minister said:

> Mr. Speaker, I cannot speak of any recent request. There may have been some; I do not know.

This is a subject of great importance, Mr. Speaker. If it has been recognized to be of great importance, why did the Prime Minister not make it clear to the House at the first opportunity that such a request had been received from Canairelief? Even during the course of his long statement today he did not disclose that such a request had been made by Canairelief.

We can all agree, Mr. Speaker, that the arrangement of daylight flights would be most desirable and satisfactory. The Prime Minister indicated that this idea originated with the government of Canada. I doubt that very much, but I do not rise to quarrel about that.

An hon. Member: You're all heart. Really big!

Mr. Stanfield: I ask the Prime Minister to tell the House some time the conditions of a political nature which the government of Biafra has attached to its recent position with

regard to daylight flights. What are these conditions? Certainly for a long time the actions and activities of the government of Canada with regard to Biafra were dilatory and the government refused to talk to anyone associated with Biafra. Professor Head, the personal representative of the Prime Minister, has never done so to my knowledge, certainly not when he was over there. When Professor Ferguson was appointed by President Nixon he had discussions and tried to make the necessary arrangements with the Biafrans. Granted, Mr. Speaker, we want to see arrangements regarding daylight flights. The Prime Minister puts all the blame on Colonel Ojukwu, the head of the Biafran government.

Some hon. Members: Shame!

Mr. Stanfield: I doubt that it is quite as simple as that. I ask the Prime Minister why the government of Canada is not prepared to do what it can to help solve the problem. Why has the government refused to assist Canairelief which has been and continues to transport substantial relief to the starving people of Biafra? Why, Mr. Speaker? Two requests made to the government by Canairelief have been refused. I understand that the most recent request is still unanswered. Why?

The Prime Minister has accused Colonel Ojukwu of indifference toward daylight flights and the kind of relief that could be brought by daylight flights. I must charge the Prime Minister with stubborness regarding aid that could be used to bring relief through night flights.

For over 16 months the people of this country, the opposition parties and many private organizations outside this country have been trying to move the government to action. I shall not go over the whole history as the Prime Minister did in his statement; there is no need. We tried to get the government of Canada to protest the shipments of arms from the United Kingdom and other countries but the government refused. According to a recent announcement, shipments of arms from Britain are to increase. We tried to get the government to support the early efforts of the Nixon administration in the United States but the government refused. We went on trying to get them to contribute to the efforts of Canairelief. Again the government refused. Canairelief has received support from the United States government in the amount of some $750,000, without which it could not have carried on its lifesaving operations. Now it appears that the government of the United States is likely to withdraw its support of Canairelief because the Canadian government will not support its own citizens who are sending food and medicine to the war victims.

Some hon. Members: Shame!

Mr. Stanfield: The people of Canada are aroused as never before by what I call the callous stubbornness of the Prime Minister—I am not going to accuse him of indifference—in the face of one of the great human tragedies of our time. Shortly after the Nixon administration took office and began to take some initiative in this area we pleaded with the government of Canada to support those measures but the government refused until November 12 when a statement was made by the United States Secretary of State, Mr. Rogers, which appeared to suggest that the United States government was backing away from the problem. Then the government of Canada courageously rushed to Washington's side.

I understand that about 1,500,000 people have starved since early in 1968 and that perhaps 2,000 a day are dying of starvation at this moment. Let us do what we can. Let the Prime Minister and his colleagues act to assist Canairelief in taking supplies to that country by night; let them provide this assistance rather than come to the House with a long statement designed to whitewash the whole picture and excuse the government of Canada from discharging its humane responsibility.

The Prime Minister has passed a harsh judgment on Colonel Ojukwu; the people of Canada will pass a harsh judgment on the Prime Minister for his failure to act in an area in which Canada can be of assistance, night flights, and I plead with the right hon. gentleman to move as rapidly as he can to make this important and helpful assistance available.

Some hon. Members: Hear, hear.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have never listened to any statement made in this House by the present Prime Minister or by any other prime minister which caused me greater unhappiness or deeper regret than the statement we have just heard.

There is one thing in the statement which I am prepared to welcome: it is clear the right hon. gentleman is now aware of the great concern felt by the Canadian people about the immense human tragedy which has already cost between one million and two million

lives and which threatens to exterminate a whole people. What I find so regrettable about the lengthy and evasive statement we have heard is that there was no mention, as the Leader of the Opposition has pointed out, of the one thing, amid these different alternatives, which is staring the people of Canada in the face. The obvious place where our help should begin is in the operation which, despite danger and difficulties, is in fact being carried on by Joint Churchaid, to which Canairelief has given tremendous and heroic assistance.

• (2:30 p.m.)

Why is it that this channel of help is being neglected? It is suggested that Colonel Ojukwu should accept in their place daylight air relief flights. Is the Prime Minister aware—if he is, he has shown no sign of it—that the International Red Cross operation contemplates only the delivery of some 90 tons of supplies over a three week period under the control of the Nigerian army and air force authorities?

Canairelief is a voluntary organization. I should not say Canairelief because the organization also includes other voluntary bodies that have banded together in Churchaid, but the joint church operation is flying in 200 tons of supplies nightly. Is Colonel Ojukwu or anybody else being asked to accept a three weeks arrangement, tainted as it is, which would involve a much smaller amount of supplies? Is this going to help Colonel Ojukwu's own people? That is what the Prime Minister suggests. It is ridiculous to pretend that this operation cannot be assisted without causing some breach of protocol or improper intervention in the affairs of another nation. As a matter of international law the right of humane intervention has been recognized for centuries, and is still clearly attested to by recognized authorities in the field.

The most important factor of all has already been stated by the Leader of the Opposition, who pointed out that Canairelief operations have indirectly been supported to the tune of $800,000 by the United States government through payments to church agencies. The U.S. government can assist church agencies to do this job, and they are the only ones who are relieving starvation. Why cannot our government do the same thing? Earnest requests have been made by many Canadians to this effect.

There has been a long and elaborate discussion on the subject of daylight flights, and I noted certain significant omissions in the statement of the Prime Minister. He referred to a document that he did not admit was an agreement. Yesterday the Secretary of State for External Affairs said that the only agreement was with Nigeria. I have in my hand what purports to be a copy of an agreement entered into by the Red Cross agency and the Biafran authorities on August 27, 1969, providing in detail for daylight flights. The statement, which is so loosely made, that Colonel Ojukwu has refused to allow daylight flights is not in accordance with the fact.

After this agreement was signed the Red Cross went to the federal Nigerian government and secured another agreement. What does this agreement provide? Paragraph 4 reads as follows:

> Routings to and from Uli, call signs, radio communication, emblems, types of aircraft and flight schedules shall be as agreed from time to time by the ICRC with the Nigerian Air Force and the Nigerian Army.

Is it not perfectly clear that this is asking the Biafran authorities perhaps to sign their own death warrants? It is certainly asking them to surrender. What does the agreement go on to provide? The Prime Minister made something of the fact that Colonel Ojukwu was asking for certain military considerations in the proposals that he made. Paragraph 6.2 of this draft agreement between the International Red Cross and the Nigerian federal government provides:

> This agreement shall be without prejudice to military operations by the federal military government.

Perhaps both sides are using propaganda in this battle, Mr. Speaker, and it is not surprising that they are. The Biafrans are fighting a war of survival and it would not be reasonable to expect them to agree to anything which might lead to their military defeat.

But there is more than just the propaganda of one side behind this matter. As long ago as last January General Alexander, a British member of the observer team in Nigeria, according to *The Economist* of January 11 spoke of a Nigerian plan, in collaboration with the British government, to propose certain relief measures which for military reasons would be unacceptable to the Biafran authorities, and which could then be used for propaganda purposes by blaming Colonel Ojukwu for Biafran starvation. This is precisely what has occurred. Indeed, when talking about propaganda it seems to me that the

Prime Minister and his colleagues have been the victims of Nigerian and, I hate to admit it, British propaganda in this regard.

In the name of humanity I implore the government to be big enough to look at this problem again. From time to time the government has stated that if its efforts to assist the International Red Cross are not successful, it will look at other avenues and approaches. Therefore let me end by urging the Prime Minister and the government to listen to what the Canadian people are saying, and to do something about helping the only agency that is relieving starvation in Biafra. The lives of hundreds of thousands depend on action of that sort, and there is no good reason for not taking it. I believe that the people of Canada demand that this action be taken.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, we have listened carefully to the 18-point statement by the Prime Minister (Mr. Trudeau) concerning the tragic situation in Nigeria and Biafra.

Mr. Speaker, this delicate, serious and very complex situation will not be solved by miracles, and the Prime Minister did not come up with a practical solution. In my opinion, he cannot make a miracle to set things right, not any more than the Leader of the Opposition (Mr. Stanfield) who censures the government for its inaction but fails to recommend a concrete solution; or again, the NDP member who has just told us about the great human tragedy taking place in Biafra.

Mr. Speaker, we Créditistes are also members of the opposition and we sincerely believe that one of the 18 points expounded before the House is based nevertheless on actual facts and research. I say this not to flatter the Prime Minister or the government but out of respect for the truth.

Some Canadian officials went there, not to have a party, but to observe and study the situation. They met with representatives of both sides and even travelled to Great Britain to confer with Nigerian authorities. As for those Canadians, whoever they might be, who went to Nigeria, they have discussed the problems facing that country.

When either Nigeria or Biafra lays down conditions concerning relief to be sent by Canada, be it drugs, food, clothing, medical care, etc., it seems to me that we should in this House stop tearing one another to pieces,

[Mr. Brewin.]

as the Leader of the Opposition and the spokesman for the New Democratic party are doing at the present time.

We cannot always be at one another's throat and I shall speak straight out: if the Leader of the Opposition were in office instead of the present Prime Minister and told us what he would do in such circumstances, we would listen to him carefully.

Nobody wants more than we do to bring relief to those who are in distress and are being massacred in Nigeria and in Biafra. But all the same, we must be realists and coldly look into the possibilities offered us to help them. We are asking the parties concerned to allow us to help them through the Red Cross, but they do not even want to hear of it. Are we to settle Biafra's future in the House of Commons of Canada? Let us be logical and consistent with ourselves. I hear the hon. member for York South (Mr. Lewis) grumbling. This is all he can do in the House of Commons. Besides, he also does it outside.

No one here, except perhaps the hon. member for York South, can tell me that he is more anxious than we are to settle the dispute between Nigeria and Biafra. We want to help. However, as I said earlier, it is not by quarrelling with one another that we shall solve that problem.

Let us examine the solutions instead of saying simply to the Prime Minister: You are wrong, you have no solution to offer, you are arrogant toward Biafra, you do not want to commit yourself to supply assistance. I would like to know why logical, reasonable and truly human solutions are not suggested to the government to help parliament and the people of Canada to settle the disastrous situation prevailing in Nigeria and Biafra.

In our opinion, it is possible to work objectively if we offer solutions and ask for the assistance to those who are directly responsible. If the colonel of some country refuses to accept our aid and to co-operate, how can we undertake any action?

We are asked to intervene in the affairs of another country and to take position in favour of one side or the other from the political point of view. Mr. Speaker, if those leaders are out merely to save their political skins, it is time for the populations to find other leaders who can get along better with other heads of state.

• (2:40 p.m.)

[*English*]

FINANCE

SALARY OF MINISTER—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to ask leave of the House to make a motion under Standing Order 43, which reads as follows:

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

I shall heed your admonition of yesterday as to the brevity of one's explanation. In fact, I think no explanation of my motion is necessary at all. I shall simply send a copy of it to you so that when I have read it you may be in a position to put it to the House. I move, seconded by the hon. member for Vancouver East (Mr. Winch):

That the salary and indemnity of the Minister of Finance be reduced to $30 per week, and that he report to Parliament this day six months hence on whether it is possible for one person to live on this amount.

Some hon. Members: Hear, hear.

Mr. Speaker: Has the hon. member the unanimous consent of the House?

Some hon. Members: Agreed.

Mr. Speaker: I heard at least one negative.

Some hon. Members: Oh, oh!

ORAL QUESTION PERIOD

NATIONAL DEFENCE

CHEMICAL AND BIOLOGICAL WARFARE—POSITION RESPECTING STATEMENT BY PRESIDENT NIXON

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to address a question to the Minister of National Defence. Does the government of Canada share the view attributed to the Prime Minister of the United States, as expressed today, that all chemical and—

An hon. Member: You mean the President.

Mr. Stanfield: The President of the United States, rather.

Mr. Knowles (Winnipeg North Centre): The same thing.

Mr. Stanfield: There is so much confusion these days, Mr. Speaker, between "Prime Minister" and "President"—

Some hon. Members: Oh, oh!

Mr. Stanfield: I do not want the minister to be too confused so perhaps I should start again. Does the government of Canada share the view expressed by the President of the United States that all chemical and biological warfare weapons should be destroyed immediately and research discontinued?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I should like to put the answer the other way around. It is the President of the United States who joins Canada in support of the resolution by Britain.

Some hon. Members: Hear, hear!

Mr. Stanfield: I have a supplementary question, Mr. Speaker.

An hon. Member: Now who is confused?

Mr. Stanfield: There seems to be a lot of static over there.

An hon. Member: No, just donkeys.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Stanfield: What does the government propose to do with any stocks of chemical or biological warfare weapons it may have on hand, and what does it propose to do with any research facilities of the Defence Research Board such as those in Alberta and others that may be located in the country?

Mr. Cadieux (Labelle): Mr. Speaker, I believe I have repeatedly said in the House that we have no such stocks on hand. We have never stored biological or chemical warfare agents. What we are involved in is research of a defensive nature so that if such a thing should happen to us we will be in a position to defend ourselves.

Mr. Stanfield: Is it then the intention of the minister to continue with the research efforts undertaken by the government of Canada although the President of the United States has today indicated that research ought to be discontinued?

Mr. Cadieux (Labelle): I did not check whether the President of the United States said research was to be discontinued in that country. We have no such intention in Canada so far.

Inquiries of the Ministry

Mr. David Lewis (York South): Mr. Speaker, may I ask the Minister of National Defence whether the quadripartite agreement, under which research at Shirley's Bay and Suffield, Alberta, is carried on, is still in force and whether, since one of the parties to the agreement, according to President Nixon, is giving up research—perhaps I should say, not research of the kind that is called defensive—the government is ready to enter into negotiations with the other three parties to the agreement with a view to abandoning it?

Mr. Cadieux (Labelle): I have a copy here of the President's announcement. He said he is asking the United States Senate to ratify a 1925 Geneva protocol prohibiting the use of gas and bacteriological warfare equipment. I do not seem to see any reference to research.

Mr. Lewis: Mr. Speaker, perhaps the minister will undertake to have his staff provide him with the full statement which does contain a reference to the abandonment of research in that field in the United States as well as to the destruction of present stockpiles of weapons. If he finds through later intelligence that this is the case, will he consider entering into negotiations to cancel the quadripartite agreement.

Mr. Speaker: Order, please. It seems to me that the question asked as a supplementary has become highly hypothetical. Perhaps it might be asked again on another occasion or later during the session.

THE CANADIAN ECONOMY

INFLATION—NICKEL PRICE INCREASE—INQUIRY AS TO ACTION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): My question is for the right hon. Prime Minister and it arises out of the action of the International Nickel Company in increasing its prices by nearly 25 per cent. Coming as it does upon increases in prices of cars, steel and oil, I want to ask the Prime Minister what action, if any, the government intends to take with respect to this latest increase in the price of nickel?

Right Hon. P. E. Trudeau (Prime Minister): I have not consulted the minister and I do not know whether he has consulted the members of the Prices and Incomes Commission on this matter but, as I have said in previous weeks, any action of the government beyond that of a merely suasive nature depends on the legal authority which the government may have to initiate such action. On the basis of the research we have conducted thus far we are not prepared to make a government announcement on whether or not we have the power to control prices within provinces.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have a supplementary question, Mr. Speaker. In view of the fact that Mr. Larry Sefton, a director of the United Steelworkers of America, has issued a request for a public inquiry into the increase in the price of nickel, to deal both with the wages paid and the profits made by the industry, is the government prepared to accede to this request and have a public inquiry into the price increase and into the wage and profit level of the industry?

Mr. Trudeau: Previously when price or wage increases were announced, various members of the House and people throughout the country have asked for such an inquiry. We are realizing that we cannot set up an inquiry into every price or wage increase in every area of the economy and that it would be a mistake to answer yes to every request for such an inquiry because we might end up having more inquiries than we can conduct. That is why the government is trying to establish an over-all approach to control inflation with the means we have. We do not mind setting up inquiries or having parliamentary committees inquire into the subject, but I repeat that it will take some policy orientation by the government in order to know what precise areas of inquiry we want to embark upon if we do not want to have more inquiries than we can handle.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I have one last supplementary question, Mr. Speaker. In view of the fact that the government is making an appeal to all sectors of the economy to prevent inflation, does the Prime Minister agree it would be of value to have an inquiry to establish whether or not these price increases are justified?

Mr. Speaker: Order, please. The hon. member's supplementary question is argumentative.

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question, Mr. Speaker. In view of the substantial increase in price announced by the International Nickel Company and another Company, following upon the increase in steel prices, has the government decided that its attack on inflation based upon fiscal and monetary

restraints is not adequate? Has the government decided that other policies are necessary and, if so, when may we expect some announcement as to what these policies will be?

Mr. Trudeau: Of course this approach is not adequate in itself and other policies are needed. That is why the government in the past couple of years has been acting, through monetary and fiscal policies, to combat inflation with the means that we have available to us under federal jurisdiction. That is why we have, for the first time in 13 years, a large budgetary surplus. That is why we have applied these tough restraints and guidelines to cut down expenditures in departments and areas, which do not always have the approval of the opposition.

Mr. Diefenbaker: Raising taxes.

Mr. Trudeau: But we have said before that there is danger in applying certain policies which are under federal jurisdiction and that is why we prefer people to apply voluntary restraints, because obviously the policies we can follow under our jurisdiction may entail other types of evil which it would be desirable to avoid.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. Is the government yet prepared to indicate to companies and to others what these voluntary restraints consist of in their particular circumstances?

Mr. Trudeau: I believe the Prices and Incomes Commission has indicated this quite clearly in its negotiations with the industries, with the unions and with the provincial governments. The Commission has also indicated this clearly to the Canadian government and we have applied our guidelines policy with this in mind. These are the guidelines which are being suggested by the commission. If the commission reports failure, we will have to take other means.

Mr. Gaétan-J. Serré (Nickel Belt): My supplementary question is directed to the Minister of Industry, Trade and Commerce. Can the minister advise the House on the effect that he anticipates the increase in the price of nickel will have, first of all, on Canadian markets and, second, on our export markets?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The hon. member should bear in mind, as he well knows, that 96 per cent of Inco's nickel production is exported from this country. So obviously the effects on the domestic market will be limited. At the moment my department is looking at the domestic effects on industrial consumers of nickel. At first sight these effects seem to be quite small. But I cannot prevent people from jacking up prices from say 5 per cent to 20 per cent. I suggest that members read the communiqué issued by Inco explaining its decision. It is very educational and apparently good enough for the premier of Ontario who said, according to a radio news item this morning, he had no objection to its content.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a supplementary question for the Prime Minister. In view of the fact that the Prices and Incomes Commission is busy with over-all policies, would he consider having a standing committee of the House examine the price increases in steel and cars, to mention two, pending an over-all report? I think people would like one or two inquiries.

Mr. Trudeau: I think people would like one or two inquiries and they are getting more than that from the Prices and Incomes Commission. But as I said a moment ago to the hon. member for York South, the object is not merely to inquire into a situation but to act on the basis of the findings of the inquiry. We have not yet heard that the opposition feel that the federal government can regulate contractual settlements under provincial jurisdiction in peacetime. If this is their position it would be interesting to hear them say so because we are having some trouble with the constitutional problems inherent in this matter.

[*Translation*]

AGRICULTURE

DAIRYING—INQUIRY AS TO REDUCED GRANTS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the Minister of Agriculture.

It is indeed common knowledge that the dairy industry receives subsidies. Is it true that the government or the department are about to reduce these subsidies?

Mr. Speaker: I am under the impression that this question was already raised yesterday. If I am mistaken, the minister could reply.

[*English*]

Hon. H. A. Olson (Minister of Agriculture): The hon. member can look at the statement I

made in the House a week ago today, I believe, and he will notice that we are asking the dairy industry to help us design a support program that can be financed with $115 million in the next fiscal year.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

Will he be in favor of holding the emergency debate asked for by the Quebec Milk Producers Association?

Mr. Speaker: I do not think the question thus asked is in order.

Mr. La Salle: As this question seems to me of the utmost importance, since the Quebec Milk Producers Association has already set up a petition to be presented to hon. members—and that entails a considerable output of money and energy—could not the minister tell us whether he will support the holding of that urgent debate, in order to save this expense to the Milk Producers Association?

Mr. Speaker: The hon. member is asking the minister to give his opinion on a petition which could eventually reach the House, and I do not think the question is in order.

[*English*]

EXTERNAL AFFAIRS

BIAFRA—REQUEST TO MAKE DAY FOR DEBATE AVAILABLE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Prime Minister. In view of the general attitude of frustration among Canadians over the failure of the government of Canada to come to the assistance of the Biafrans, even though in so doing it might cause antagonism on the part of the Organization of African Unity, will the Prime Minister make a day available this week for the discussion of this matter? I believe Canadians as a whole are asking for that. Indeed, in my mail today I received $300 in contributions by different people across Canada. Will the Prime Minister not give the House an opportunity of discussing this matter, instead of producing all kinds of alibis for inaction?

Mr. Speaker: Order, please.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I gladly accede to this very reasonable demand by the right hon. member for Prince Albert, and I suggest it be Thursday of this week.

[Mr. Olson.]

Mr. Diefenbaker: Good. Fine. That is what we want.

Mr. Stanley Knowles (Winnipeg North Centre): Is that a commitment, Thursday of this week?

Mr. Benson: It is an opposition day.

Mr. Knowles (Winnipeg North Centre): On a point of order—

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as I indicated, Thursday will be an opposition day this week.

Mr. Speaker: The hon. member for Calgary Centre.

Mr. Diefenbaker: On a point of order, Mr. Speaker, that is just playing with the problem.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: We want a day set aside, and not an opposition day, so that the matter can be discussed, with none of that playing around in which the Prime Minister has been indulging for the last 18 months.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, the opposition is telling us this is a very important subject. I am suggesting that they take Thursday of this week to deal with it. The opposition is saying this is no good—

Mr. Speaker: Order, please. I have to bring to the attention of both the right hon. gentlemen that—

Mr. Muir (Cape Breton-The Sydneys): You still don't know where Biafra is.

Mr. Trudeau: I have been there. That is more than you have.

Mr. Speaker: Order, please. I recognize that the hon. member for Winnipeg North Centre will want to rise on a point of order in a moment, but I wish to say that having heard him indicate that he wanted to rise on a point of order I was trying to re-establish order in the House before we have the point of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, my point of order relates to the fact that it is the right of the opposition to request the days it shall have as allotted days, and there have already been discussions and

arrangements made under which a week from Thursday is to be an opposition allotted day. Is the President of the Privy Council now to say it is this Thursday because the Prime Minister has made the mistake of committing this Thursday for this question? If so, I say he is violating the rights of the opposition.

Some hon. Members: Hear, hear.

Mr. Macdonald (Rosedale): Mr. Speaker, on the same point of order, I would point out that while the opposition of course can pick whatever subject matter it wants, it is the prerogative of the government to name which particular days will be available for opposition days. I am prepared, however, if hon. members think it important, to change the order of business and make this Thursday an allotted day for them. If they think the question of Biafra is important, then they can use it for that purpose. If they do not think it is important, then we will carry on with the business as announced.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that the question period will soon come to an end and I would think we should go on to the many other questions which hon. members seem to be intent on asking during the question period.

Mr. Diefenbaker: Mr. Speaker, on a point of order, this House cannot be trifled with in this manner.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The Prime Minister smiles and laughs about Biafra.

Some hon. Members: Shame.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: He gave his undertaking that on Thursday we would be given an opportunity to deal with this question. Surely, he is not going to be repudiated by the government house leader.

Mr. Benson: He wasn't.

Mr. Speaker: Order, please. It is still not a point of order. Some minutes ago the Chair recognized the hon. member for Calgary Centre. Perhaps the House would allow me to give him the floor now.

Inquiries of the Ministry

NATIONAL DEFENCE

POSTING OF DETACHMENTS IN YELLOWKNIFE AND WHITEHORSE

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I wish to direct a question to the Minister of National Defence. What is the purpose of posting small military detachments of three or four persons each in Yellowknife and Whitehorse?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker—

Mr. Speaker: Order, please. The question as asked does not indicate any urgency. I really do not know what is behind the hon. gentleman's question, but certainly as asked there is no urgency that is apparent to the Chair. The hon. member for York South.

EXTERNAL AFFAIRS

VIET NAM ATROCITIES—SUGGESTED INQUIRY BY ICC OR UN MISSION

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the right hon. Prime Minister. In view of the recent revelations of unspeakable atrocities committed by the United States forces and the South Vietnamese in Viet Nam, and the allegations of similar atrocities by the Viet Cong and North Vietnamese, may I ask has the government been in touch with our representative on the International Control Commission for the purpose of initiating some sort of relevant inquiry?

Right Hon. P. E. Trudeau (Prime Minister): I will inquire, Mr. Speaker. I do not know the answer.

Mr. Lewis: A supplementary question, Mr. Speaker. When he is making inquiries, if it has not already been done would the Prime Minister and the government instruct our permanent representative at the United Nations to request that the Secretary General of that body send a special mission to investigate this inhuman behavior in an inhuman war?

Mr. Trudeau: Well, Mr. Speaker, I think the way in which the question was asked really does not convey the respect which the hon. member usually has for legal processes when he talks of inhuman behavior. I believe the matter is being inquired into now and that it is before a military court. I think we might wait until both sides give evidence before deciding what happened exactly.

Inquiries of the Ministry

Mr. Lewis: Mr. Speaker, like everyone in the House I always appreciate the Prime Minister's lectures, and indeed like everyone else I get many of them. But, Mr. Speaker, whatever description he would prefer, may I repeat my question and ask whether the government would instruct our permanent representative at the United Nations to request that the Secretary General send a special mission to investigate these events? Now, that is a rather neutral description—these events.

Mr. Trudeau: Mr. Speaker, I will discuss this neutral matter with the Secretary of State for External Affairs.

OIL

STRAIT OF GEORGIA—ISSUANCE OF DRILLING PERMITS

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. In order to answer all the petitions and letters which have been flowing in from the west coast, could the minister tell the House whether his department has granted a permit to drill for oil in Georgia Strait near the city of Vancouver, British Columbia?

Hon. Jack Davis (Minister of Fisheries and Forestry): The answer, Mr. Speaker, is a flat no. My officials have been in touch with the Department of Energy, Mines and Resources in Ottawa, which is responsible for off-shore drilling in this country and have been assured, and I personally have been assured by the minister, of their co-operation so that no drilling permits will be granted as long as there is any danger, not only to the sports and commercial fisheries but also to the entire ecology of that area.

Mr. James A. McGrath (St. John's East): As a supplementary question, Mr. Speaker, is the minister prepared to use the power he has under the Fisheries Act to prevent such drillings from taking place, considering the risk that they might pollute the waters and hence damage our marine resources there?

Mr. Davis: We are working closely, as I said earlier, with the Department of Energy, Mines and Resources which has authority over granting permits. We are concerned about the effects on the living resources in the water, and it is co-operative action which I think is desirable from every point of view.

[Mr. Trudeau.]

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): In view of the statement of the Parliamentary Secretary to the Minister of Energy, Mines and Resources on November 18 that departmental policy has not been altered, may I ask the minister if we have his assurance now and the concurrence of the Minister of Energy, Mines and Resources that no oil drilling permits will be granted in Georgia Strait?

Mr. Davis: Mr. Speaker, I am certainly going to urge the Minister of Energy, Mines and Resources not to grant permits if there is going to be any effect on marine ecology, but I think the question should have been addressed to him.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary, Mr. Speaker, to the Minister of Energy, Mines and Resources. Will permits be granted for oil drilling in Georgia Strait, in view of the pollution which similar drilling has caused along the California coast?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, this is a hypothetical question as no one has applied for oil drilling permits for the Georgia Strait. If they do apply there must be 90 days notice given to the Department of Fisheries, 60 days notice to the Department of Transport and 45 days notice to the Department of National Defence—

Mr. Speaker: Order, please. The minister has only one day to answer his question. As we are running short of time perhaps we might go on to another question.

PROVINCIAL AFFAIRS

MARITIMES UNION—INQUIRY AS TO GOVERNMENT POLICY

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, I wish to direct a question to the Minister of Veterans Affairs. Was the minister indicating government policy when, in a recent speech in Toronto, he expressed approval of maritime union and suggested the name "New Acadia" for the united maritime provinces?

Mr. Speaker: Order, please. This question should be asked of the Prime Minister. I am not sure whether it has already been asked in those terms but, as the hon. member knows, he can only ask the Prime Minister whether a statement made outside the House represents government policy.

Mr. Flemming: Thank you, Mr. Speaker. I should be very glad to ask the Prime Minister and perhaps he would like me to repeat the question. Was the Minister of Veterans Affairs indicating government policy when, in a recent speech in Toronto, he expressed approval of maritime union and suggested the name "New Acadia" for the united maritime provinces?

Right Hon. P. E. Trudeau (Prime Minister): I am told, Mr. Speaker, the minister made it quite clear that it was not government policy but his own personal opinion. In fact, the government has not reached any decision on this and therefore—

An hon. Member: Better not.

Another hon. Member: That minister had better attend to veterans affairs.

Another hon. Member: He cannot even handle that.

[*Translation*]

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I have a supplementary question.

Has the Minister of Veterans Affairs recommended to the Premier of New Brunswick that he take steps to bring about the union of the Maritime provinces?

[*English*]

POLLUTION

DUMPING OF MINE TAILINGS IN QUATSINO SOUND

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question I should like to address to the Minister of Fisheries and Forestry. In view of the widespread concern being expressed in British Columbia by such bodies as the Society for Pollution and Environmental Control, the Pacific Trollers Association and others over the proposed dumping of mine tailings by the Utah Construction and Mining Company, Limited from their 33,000 ton mill project in the Quatsino Sound area, is the minister prepared to consider or have his departmental scientists reconsider the approval of this application which he says he has granted?

Hon. Jack Davis (Minister of Fisheries and Forestry): This department does not grant permits; it certainly does not grant permits to pollute. A mining company has received a permit to carry out mining operations, but the permit was received from the provincial government. We are looking into the possible results of the dumping of effluent into an inlet on the west coast. We are studying the situation, but we have not granted any permit or approval.

Mr. Barnett: I should like to ask a supplementary question of the minister, Mr. Speaker. Does he expect to be able to reach a definitive conclusion on this matter before 30 November, at which time I understand the decision of the Pollution Control Board of British Columbia is to be made on this application?

Mr. Davis: I understand that those who will appear before that board will be using technical information supplied by our department.

RESTAURANT OF PARLIAMENT

REQUEST FOR MEETING OF STANDING COMMITTEE

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for the House leader. Would the House leader arrange for an early organization meeting of the Parliamentary Restaurant Committee so that charges that the Parliamentary Restaurant is purchasing and serving California grapes can be considered and a decision made if that policy should be continued?

Mr. Speaker: Order, please. The hon. member should know that this question should be directed in the usual way to the Chair. If the hon. member will consult with members of this committee, he will be informed that a meeting has been called for some time next week—not necessarily to consider the subject mentioned by the hon. member.

PUBLIC SERVICE

BILINGUALISM—USE OF INSTANT TRANSLATION COMPUTERS IN CLASSES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the hon. and austere President of the Treasury Board on an administrative matter of great importance, namely the achievement of a wider measure of bilingualism in the Public Service. Can the minister advise if consideration is being given to lightening the burden of language classes and immersions of many civil servants through advancing the use of instant translation computers, a technology which a prominent Ottawa communications expert recently said we may soon reach?

Inquiries of the Ministry

Mr. Speaker: Order, please. I am not sure that this development will be reached so soon that the question can properly be asked at this time. I should think the question should be put on the order paper.

LABOUR CONDITIONS

MINIMUM LIVING WAGE—ALLEGED STATEMENT BY MINISTER OF FINANCE

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Minister of Finance on his $30 a week statement, and I know the minister is waiting to answer. Does the minister realize that a tin of pipe tobacco costs $2.25 and along with the cost of all the matches he uses, he would not have any money left with which to buy anything to eat or drink each month?

Mr. Speaker: Order, please. I am sure the minister has an interesting reply to the question but I have to rule it out of order. In those circumstances, I cannot allow the minister to reply.

PESTICIDES

DDT—PLANS FOR COLLECTION AND DISPOSAL OF SURPLUS

Mr. Randolph Harding (Kootenay West): I have a question for the Minister of Energy, Mines and Resources, Mr. Speaker. In view of the recent federal policy statement on the drastic curtailment of the use of DDT in Canada, and in view of the urgent need for an orderly and systematic collection and disposal of DDT now in the possession of many Canadians, I would ask the minister if his department or any government department is preparing plans for the collection and disposal of this surplus DDT now in the possession of Canadians in every part of Canada?

Mr. Speaker: Order, please. It seems to me that question has been asked, but I cannot recollect whether it was answered by the minister. I would think that this would be a very good question to consider at the time of adjournment of the House.

HOUSING

SEWAGE TREATMENT FACILITIES—AVAILABILITY OF FUNDS

Mr. G. H. Aiken (Parry Sound-Muskoka): I also have a question for the Minister of Energy, Mines and Resources, Mr. Speaker, in view of the fact that he seems to have his facts at his fingertips today. Can he indicate to the House when the large and expanding fund for the construction of sewage treatment facilities that he mentioned last Thursday will be made available?

[Mr. Macquarrie.]

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, I am glad the hon. member added the word "today" to his preface. With respect to the funds available in CMHC for sewage disposal plants, that matter is under consideration in relation to the government's over-all commitment to fight the war on inflation. As soon as it is possible to make more funds available and reopen these funds, I can assure the hon. member that the House will be notified.

Mr. Aiken: Mr. Speaker, a supplementary question, please. May I ask the minister if the date now set of April, 1970, will be advanced so that there will be more funds available before that date? Is that question being considered?

Mr. Greene: Mr. Speaker, that question, along with every avenue whereby funds can be made available consonant with the government's over-all fiscal responsibilities, is under consideration at the present time.

Mr. Baldwin: I bet they are.

LABOUR CONDITIONS

MINIMUM LIVING WAGE—ALLEGED STATEMENT BY MINISTER OF FINANCE

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is for the Minister of Finance and I believe it is anticipated. Is he stating the taxation policy of the government when he says that a person can live on $30 a week?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, may I rise on a question of privilege in view of the fact there was a question raised—

An hon. Member: Is this a statement on motions?

Another hon. Member: Out of order.

Mr. Benson: I did not say that $30 was a living wage.

Mr. Baldwin: Down, down!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I understand the minister is rising on a question of privilege, and he should be allowed to state his question.

Mr. Benson: Mr. Speaker, I did not say that $30 weekly is a living wage in Canada. May I read from the transcript. The question was asked:

You think that in any place in Canada that a man can live on $30 a week?

My answer was as follows:

Yes, I think there are places in Canada.... They can't live to the standards that one would want them to live to. I think there are places in Canada where people are living on $30 a week. And there obviously are places where married couples were living on $3,500 a year. Previously, a married man with two children was living on it because he was filing his tax return as his only income and was paying $118 in tax, and we're taking that $118 in tax off.

An hon. Member: Where are those places?

Mr. Harkness: The minister will be known as "$30 a week Benson."

Mr. McCleave: Mr. Speaker, may I address a supplementary question to the minister?

Mr. Speaker: Order, please. I apologize to the hon. member, but I understand that another hon. member is seeking the floor for the purpose of raising a point of order.

Mr. Nystrom: Mr. Speaker, in view of the answer the minister gave, will hon. members be given an opportunity to ask some supplementary questions?

Mr. Speaker: Order, please.

Mr. McCleave: Mr. Speaker, the account that we have is at such variance with the account the minister gave that I am surprised he did not raise a question of privilege at the opening of the House. In press accounts we have a very ample statement, but the minister's version is different.

Mr. Benson: That is not so.

Mr. Speaker: Order, please. It was my impression that the hon. member was seeking the floor for the purpose of asking a question. Could he please ask it now?

Mr. McCleave: My supplementary question, Mr. Speaker, is: Is this figure the party line that is accepted by the Minister of National Health and Welfare?

Mr. Benson: Mr. Speaker, I think people have this whole question mixed up a little bit.

Some hon. Members: Oh, oh.

Mr. Benson: The question arose because someone was asking me about the increased exemptions. If hon. members opposite would take the trouble to read the transcript they would see that I said that by raising our exemption $400 for single people and $800 for married people we would take 750,000 Canadians, who should not now be paying taxes, off the tax rolls.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Since the Minister of Finance is concerned about raising exemptions will he, in light of the fact that a person earning $30 a week will still have to pay income tax, consider raising the exemption even further above the $1,400 level?

Mr. Benson: Mr. Speaker, it would be very nice to raise the exemptions still higher but, in order to do that, we should have to impose greater increases in taxes on other Canadians. Under our proposal, we are raising the exemption by $400 for single people and $800 for married people, and the cost of this will be $1 billion, which we shall have to collect in taxes from other Canadians.

BILINGUALISM AND BICULTURALISM

LACK OF ENGLISH DESIGNATION ON TRUCKS TO VISIT WEST AFRICA

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, may I direct a question to the Prime Minister which pertains to the splendid new truck and trailer equipment being displayed in front of this building. I take it that the equipment is destined soon to tour many West African countries and to reflect the true bilingual and bicultural character of Canada. My question is, why are the words in quotation marks on both sides of the trucks and trailers in French only. I refer to the words, "Visages du Canada"?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know what these trucks are. I do not know where they are going; I do not know where they came from.

Some hon. Members: Oh, oh.

Mr. Alkenbrack: Why do the words "Faces of Canada" which I understand is an appropriate translation, not appear on one side of these trucks and trailers in fairness to bilingualism at this time?

Mr. Speaker: Order, please. The hon. member has made a suggestion which we must assume has been noted. The question period expired some moments ago.

BUSINESS OF THE HOUSE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order with respect to the business of the House for next week. During the course of the question period, a question was asked about a day being granted to debate the situation in Biafra. The suggestion was made that this might be done on Thursday. This suggestion came as a surprise to us, because Thursday was to have been a government day. During the confusion, the President of the Privy Council offered to make this Thursday an opposition day. In the meantime I have consulted with the members of my party with respect to this matter. It so happens that the next opposition day was to have been ours and was to have been a week from Thursday. We recognize the seriousness of this question, so we are prepared to take this Thursday instead of next Thursday. If that is agreed to, a motion will be filed tomorrow in the name of the hon. member for Greenwood on the question of Biafra.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, in that case the reference of the tax white paper would not be called, as agreed, on Thursday, on Friday and again on Monday, and Thursday, instead of being the first day of the two-day white paper debate, would be an allotted day.

Mr. Lundrigan: Mr. Speaker, I was going to rise on a point of order and ask for unanimous consent for the question period to be continued because of the large number of members who wish to ask questions. However, inasmuch as so many ministers have sneaked out I will refrain from raising that point of order.

• (3:30 p.m.)

GOVERNMENT ORDERS

CUSTOMS TARIFF—EXCISE TAX ACT

The House resumed from Monday, November 24, consideration of the motion of Mr. Gray that Bill C-140, to amend the Customs Tariff and to make a consequential amendment to the Excise Tax Act, be read the second time and referred to a committee of the whole.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I conclude the remarks I was addressing to the House last night. What I really wanted to say in the short time I have left is that, to put it in blunt words, in so far as the farmer and the people in Saskatchewan are concerned, the Kennedy Round has failed. The juggling of various tariff schedules as proposed in Bill C-140 will not, in the final analysis, mean anything to the people in Saskatchewan.

Previous speakers have outlined the facts of life as to how the tariff structure has affected the actual farmer on the land in Ontario and in Saskatchewan; but, if one wants to really look at some concrete examples, one can look at the development of the potash industry in Saskatchewan and the situation it is in now. Essentially, there is an impasse vis-à-vis Canadian and United States production. What the United States is saying, as a result of the congressional hearings held in Washington, is that first and foremost the jobs of the workers in New Mexico are going to be protected. Since this is their first consideration, it means that the ordinary process of negotiation, such as the Kennedy Round, will not protect the position of Canadian workers and it is probable that, despite the horrendous efforts of the Premier of Saskatchewan, negotiation will not protect the investment of Canadian companies in the potash industry in Canada. The moral of the lesson is that we have to look to the world markets if we are going to sell Canadian potash.

We are in a desperate position in the wheat economy, according to the papers that were presented to the Agricultural Outlook Conference in Ottawa yesterday and today. Mr. H. B. Huff, Assistant Professor of Agricultural Economics at the University of Guelph, speaking to the Conference, stated that policies are needed to stabilize prices and production, and to match production with demand. Dr. Huff described the dilemma of the wheat producers as "probably the most serious problem confronting Canadian agriculture".

I would go further than that and say that the wheat problem and the potash problem are two of the most serious confronting the total Canadian economy today. The juggling of the tariff schedules under the Kennedy Round will not offer a solution to either one of these problems. It is time the government of this country ceased proposing policies that were relevant to Canada in 1910 when Sir Wilfrid Laurier first looked at the agricultural economy in the west on behalf of a Liberal government. It is time this government realized it is 1969, not 1910. It is time they started to look at this economy in terms of how Canadians can live in the cut-throat economic jungle which exists in the world today.

What the people in Saskatchewan want to know is, how we are going to use the capital investment in the wheat industry and in the potash industry in Saskatchewan? How are we going to have sufficient jobs to maintain the population in that province? The answers will not be found in the tariff juggling that is proposed in Bill C-140.

If the government and this House doubt the seriousness of the situation, then they should certainly give consideration to a news report emanating from the convention of the Saskatchewan wheat pool. This press report in the *Globe and Mail* of November 25, 1969, reads as follows:

> Western Canada should study the implications of secession if Ottawa does not give proper attention to western problems, the Saskatchewan wheat pool said yesterday. The comment was made in a statement released from the wheat pool's annual meeting and it did not elaborate.

The situation is serious when an organization as responsible as the Saskatchewan wheat pool issues such a statement from its annual meeting. The statement also indicated that, since farmers did not contribute to inflation they should not be affected by the budgetary restraints of the government. The meeting asked the federal government to subsidize interest rate charges over 7 per cent on farm improvement loans and to curtail high costs of farm production by the establishment of a prices and trade board.

Questions were repeatedly raised in this House today during the question period as to what was going to be done to stop escalating prices in this country. The people in the cities and on the farms in Saskatchewan are being crucified by the fiscal and trade policies that are being followed. I cannot over-emphasize the serious situation that exists. The government should give very careful consideration to the suggestions emanating from the Saskatchewan wheat pool convention with regard to interest rates and prices affecting farm production. Some steps should be taken to bring these important factors under control. Undoubtedly, this House will pass Bill C-140. What is implicit in that type of approach is that if we juggle the customs tariffs in Canada we will reach a state of competition which will result in a fair distribution of opportunity and earning power for the people who live, work and produce the wealth of this nation. It just has not happened, Mr. Speaker. The people who are in competition with one another are the farmers and the small businessmen, and these are the people who are going broke in Canada today. It is not International Nickel, Imperial Oil, Gulf Oil or Shell Oil. The people who are going broke are those in competition with one another. I just cannot take seriously the exercise of juggling tariffs, Mr. Speaker, and I think it is only an exercise. It is not relevant to a good many people who live and work in this nation today.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in rising to take part in this debate on Bill C-140, my mind goes back over a number of years during which we on this side of the House have continually harangued and harped at the government to seriously consider the problems existing with regard to custom tariffs and excise duties, particularly as they apply to rural western Canada.

Bill C-140 brings up to date and ratifies the tariff schedules which have been in effect since June 3, 1968, as a result of the Kennedy Round tariff negotiations. What concerns me, Mr. Speaker, is that many of the items in tariff schedules approved by this House, such as the one we are now dealing with, are then left up to the officials to interpret, and more often than not the officials interpret them in the narrowest possible sense. They do not take into consideration the general theme or the intent of the legislation passed by Parliament. The government does not really give the intent of the legislation to the officials who have to police or interpret the act.

All across this country today we see groups of people rebelling against bureaucracy and the system; farmers in western Canada, university students and people in the cities trying to build homes. Why are they rebelling against the system? It is because the system is not paying any attention to the people of this country. The system does not give one particle of consideration to, their problem of staying alive and earning a fair standard of living. All across Canada, we see a certain amount of rebellion against the system because the bureaucracy built up by this and previous governments is finally reaching an unbearable stage for the people of this nation. I can quote many instances of this.

We see a great deal of apparatus and paraphernalia on which duties are being removed under Bill C-140. We also see some on which they are not being removed. I go back to the old complaint which I and other members raised in this House a number of years ago with regard to agricultural implements under tariff items 40924-1 or 40948-1. We come back to a long and detailed list of tariff

exemptions, and then a narrow interpretation placed on those tariff exemptions.

I will give some examples. In the tariff exemptions, sprinkler irrigation systems are duty-free. In another place, we find aluminum sluice-gate devices for the control of water in irrigation ditches. In another item we find that agricultural instruments and agricultural machinery might be duty-free, if not otherwise listed. It was pointed out very forcefully by the hon. member for Swift Current-Maple Creek (Mr. McIntosh) that duty has to be paid on an irrigation pump which may or may not be used for a sprinkler system. Here, we see the very intent of the legislation and the whole tariff structure. The intent is to allow all agricultural machinery into Canada duty-free, yet because one specific item is not spelled out, some narrow-minded official says, "Oh, oh, this wasn't the intent of the legislation". I argue it was the intent of the legislation because sprinkler irrigation systems are duty-free. Then, we have the example of sluice-gate pumps. Sprinkler irrigation systems and pumps are duty-free. In another item, we have aluminum pipe sluice-gate devices for the control of water in irrigation ditches.

• (3:40 p.m.)

How much further must we go before we spell it out in complete detail? Then, at the bottom of the list, we find the words: "Agricultural implements or agricultural machinery and parts not otherwise listed." These are duty-free. Yet because officials are overconcerned with maintaining their own positions, we find them placing the narrowest possible interpretations on these items.

Last fall we experienced a difficult time in finding storage for damp grain. It became evident that silos could be used for this purpose. I asked whether the minister would take the trouble to see whether silos could not come in duty-free. But there is no mention of this in Bill C-140. Action should have been taken. We find that the duty on ladders for silos is up 25 per cent; that steel wall sections, with or without doors, for the construction of steel silos attract rates of duty which have risen from 10 per cent to 25 per cent, and so on. Last year, when they faced this difficult storage position, many farmers resorted to the construction of steel or glass-lined silos and I maintain these items should be allowed to enter duty-free. After all, they are not made anywhere in Canada. Yet farmers have to pay duty at rates between 10 and 25 per cent because the government failed to act.

[Mr. Horner.]

I submit that the total revenue flowing to the government from this source would amount to relatively little. Yet to the individual farmers concerned, this duty represents a considerable extra expense. To my regret, many farmers in parts of Saskatchewan, northern Manitoba and some parts of western Alberta along the foothills still face a situation in which many bushels of grain will have to be harvested damp. Silos could help meet this difficulty. In any case we could help farmers to diversify into a cattle feeding operation which would be of help to them in staying afloat during a risky period.

The government suggests that the federal sales tax on grain bins should be refunded to the purchasers. Yet I am informed by the department that the same consideration does not apply to Quonset buildings, since such buildings are not regarded as grain bins. A letter I have received says that a Quonset building may or may not be used to store grain; in other words, it may be used for some other purpose. Well, this enables the farmer to produce more efficiently. What I am complaining about is that we find no efficiency in government, no broadminded approach to the whole question of the application of the Customs Tariff and Excise Tax Act.

The whole principle of the bill we are considering involves a broader and more fair-minded approach to the application of the Acts to which I have just referred. Every member of this House should realize that this was the underlying purpose of the Kennedy Round negotiations. The intention was that the burden of customs and excise taxes should be reduced as far as possible. It is not difficult to pass legislation to confirm actions which have in fact been taken since June 3 of last year, but we ought not to do so without registering concern that the intent of the Kennedy Round is not being fully carried out by the officials working for the government. The minister responsible for piloting this measure through the House is a Minister without Portfolio (Mr. Gray), with very little else to do. Surely, he could pursue this subject with the officials of his department to ensure that the full spirit and intent of the Kennedy Round negotiations is carried out by them. The time has come to take a close look at this whole field to determine whether we are treating all sections and minorities in this country fairly. It is not good enough for the government to have parliament pass pieces of legislation and then to pay no attention to the way in which sections of that legislation are applied.

This is one of the reasons which prompted me to speak on the particular bill before us. I want the government and the minister responsible for piloting this bill through the House to carry out the full intent of this legislation; that is to say, the most liberal interpretation of the Customs Tariff and of the Excise Tax Act. What I want to see is not a group of bureaucrats trying to enforce their will upon citizens who are trying to make a living but, rather, a group of officials who are trying to translate the intent of Parliament for the benefit of the people of Canada. When a situation of this kind is reached we shall find less and less evidence of anxiety among minorities, less and less evidence of anxiety in particular regions of this country. This is important to me, especially when one recalls the extract which the hon. member for Saskatoon-Biggar (Mr. Gleave) read from the *Globe and Mail* to the effect that the Saskatchewan Wheat Pool, a conscientious, law-abiding, purely Canadian firm is suggesting that western Canada might secede if no attention is paid to prairie problems.

Canada, we cannot remind ourselves too often, consists of many regions spread across some 4,000 miles of territory. It is the home of many minorities. Surely, the government must be prepared to listen and respond to some of the wishes of these various regions and minorities if we are to stay together as a single, unified force.

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

• (3:50 p.m.)

On clause 1—*Approval by Parliament.*

Mr. McIntosh: Mr. Chairman, I wonder whether the minister would advise the House if he intends to clarify the section to which western members were referring with regard to farm implements and farm agricultural machinery.

Mr. Gray: Mr. Chairman, the section to which the hon. member referred with his usual eloquence is not, as far as I am aware, dealt with in any way by the bill which is before the committee at this time. I recall that when he raised this matter a year ago I suggested to him that I would be most happy, if he wished me to do so, to arrange a meeting with the representative senior officials of the department concerned, which I would attend, so as to assist in some way in a discussion aimed at seeking a clarification of this matter.

Following that particular sitting of the House, I understand my hon. friend had a brief conversation with one of the officials, but as yet, perhaps as a result of an omission on my part or on somebody else's part—though I do not think that is directly relevant—it has not proved possible to arrange such meeting.

Let me repeat my invitation to the hon. member. I would be happy to convene such meeting, at which time we could review at greater depth than is possible in a forum of this kind the questions he has raised.

I might conclude my comment on this particular point by saying that Parliament has provided, in the passage of the legislation in question, procedures for those who are not satisfied with administrative rulings of officials. These rulings can be reviewed by the tariff board, and an appeal lies from the tariff board in certain cases to the Exchequer Court. This is the method provided by Parliament.

I recall my hon. friend referring yesterday to section 22 of the Financial Administration Act. I note that it is his intention to advise the people in his riding who may not be satisfied with administrative rulings to take advantage of this provision, by making application under it, and this is something they are fully entitled to do if they wish.

However, I might say that as far as I am aware there is nothing secret about this particular provision. It is part of a statute that has been passed by parliament. The statute appears in the Revised Statutes. If it is amended from time to time the amendments are printed in the annual statutes. These volumes are made available to all members of the House. If I am not mistaken, the Queen's Printer distributes them free to just about every public library and university library in Canada. So as I have said, there is nothing that is more secret about section 22 of the Financial Administration Act than any section in any other piece of legislation on the federal statute books. Certainly, my hon. friend is at liberty, as is any citizen of Canada, to see whether matters of concern to him qualify for consideration under the provisions of this particular statute.

While I understand the concern that he and other members have expressed about the manner in which they feel the officials seem to apply or to interpret various sections of the Customs Act, it seems to me that it is not the most helpful way to advance the consideration of these matters to attempt to suggest

that the attitude the officials are taking is founded on some type of ill-will or animus toward a particular group or section of the country.

Although officials are as capable as any other human beings of making mistakes from time to time, generally they try to carry out their duties in a way that they hope will be considered as being in the best interests of the public at large. As I have said, if my friend and I sit down together to review the administrative procedures, I do not say it will be immediately impossible to clear away the difficulties he so eloquently brought to the attention of the House, but at least it will help clarify matters and perhaps point the way to some solutions. Now that I have a somewhat greater responsibility for such matters I would be happy to try to assist hon. members and their constituents in obtaining fair and equitable treatment from the administration for their problems.

Mr. McIntosh: Mr. Chairman, I am not as learned in the law as my colleague the minister, and neither are the people I represent. I made no reference to anything that was secret. As I stated last night, my objection was that no effort was made by the bureaucrats to inform persons like myself, representing the farmers as I do, that there were other avenues we could pursue.

As far as the minister's comments today are concerned, let me remind him that although I outlined the problem to him last December he still has not fully understood it The department the minister represents, the Department of Finance, inserts these items in the schedules of the Customs Tariff. It is the duty of the officials of the Department of National Revenue, a different department entirely, to interpret these items. So although they are passed by Parliament, in effect they mean nothing.

The situation is this. One item in the schedule referred to "all other agricultural implements and all other agricultural machinery". That must mean something to those who inserted the item. Certainly, it meant something to the people of Canada, and particularly to the western farmers.

It now appears that the western farmers were under a misconception. They thought that all agricultural implements and agricultural machinery would be allowed into Canada duty free, something they were very happy about. Indeed, I think that was the intent of Parliament when this particular item was agreed to. However, over the years, time and again the farmers have found that their interpretation was incorrect.

I remember spending three days with a constituent of mine trying to obtain an interpretation of this term which I have used so often. We both went to the officials of the Department of Finance, and they confirmed that this item was in the schedule. They said that nothing could be plainer, and we agreed. We then went to the Department of National Revenue and told them what the Department of Finance officials had said, to which the officials of the Department of National Revenue replied that it was they who were charged with the proper interpretation, which was different from ours.

This is the point that I have been endeavouring to clarify. Why is the item in the schedule if none of the officials know what it means? Why do not the Department of National Revenue officials tell the Department of Finance to spell out the meaning of the item? We who represent the farmers are not legal minded, but the language used is plain enough to us: an agricultural implement is an agricultural implement, one that can be used for the production of agricultural products.

The contention of some of these very narrow-minded officials is that any agricultural implement that can be used for some purpose other than agriculture is no longer an agricultural implement. I say this is foolish, because every implement used on the farm can be used for some other purpose. If that interpretation were correct, there would be no such thing as an agricultural implement or an agricultural machine; so let us strike out these words and we will know where we are.

I have discussed this matter with both the minister and his officials. Last December 3 the minister was under the impression that all agricultural implements and machinery were allowed into Canada duty free; as far as he was concerned there were no ifs, ands or buts. He interpreted the item to mean what it says, as I suggest the officials should unless there is good reason not to.

I referred last night to section 22 (8) of the Financial Administration Act, and indicated that people in the know are able to hire tax experts, legal advisers, and so on, to take advantage of any existing loopholes in the legislation. The farmers are not aware of these loopholes. The minister stated that the farmers could appeal to the Supreme Court of Canada, but he should be the first to know

the cost of taking an action to the Supreme Court.

• (4:00 p.m.)

I also said last night that most of the things about which we were complaining would not involve $1,000, therefore they are not recorded in our public accounts. There are many occasions when our farmers have to pay less than $1,000. Perhaps the minister would sit down for one minute and calculate how much it would cost a farmer from Saskatchewan to appear before the Supreme Court of Canada in respect of any one item. The minister would then know that this cost would be prohibitive. That is the point I am making.

There is no use in having any more meetings between me and the officials of the department. I have already taken this matter to the Tariff Board. I make my plea now to the minister. The Question is not a complicated one. Just tell us what you mean by an "agricultural implement" which you said you thought was allowed into Canada free. No one seems to know what an agricultural implement is.

Mr. Gray: Mr. Chairman, I have the *Hansard* containing the quotation my hon. friend has referred to at the desk I regularly occupy. My recollection of what I said at the time was that it was my understanding the agricultural implements usually if they were "for farm use"—I believe I used that term—were eligible to come into the country duty free. I was trying to summarize a rather complex situation.

As my hon. friend implied in his remarks today and last night on this point, the agricultural field is one that is becoming increasingly more technical involving many new and different types of machinery. I think even with the best goodwill in the world, whatever statements for clarification might be made by anyone there would still be problems of interpretation and application involved. In something as complicated as the Customs Tariff, it is difficult to see how we would ever be able to get away completely from problems of interpretation and application of the statutes. I wish we could come up with some magic formula that would eliminate these problems. Perhaps we can come up with one. However, we may be just a little over optimistic if we think with the changes in technology of agricultural machinery, with its many different attachments, a way can be found so as to eliminate these difficulties completely.

My hon. friend is probably better informed than I about these improvements. I should think we would be optimistic if we thought it ever possible to eliminate completely all problems of application and interpretation, particularly when there are industries right here in Canada which make some of these same products. Other hon. members of my friend's party have referred to the effects of lowering tariffs in Canada. This shows how it is often difficult to develop Policies and legislation for a country like Canada which are equally acceptable to everyone. This is not always the easiest thing to do in a way which satisfies everybody involved at one and the same time.

In any event, I say to my hon. friend that I am prepared to examine the matter further. I am in perhaps a better position to do so now than when we last discussed this matter. I invite my hon. friend to make available to me some of the knowledge and expertise he has shown in raising the matter in this House at this time and on previous occasions.

Mr. McIntosh: Mr. Chairman, I have no knowledge or expertise to offer the minister. I am no better acquainted with actual farming than the minister himself, but that is not the point. The point I am raising is that some clarification should be made of this term. I do not know how many years this term has been in the schedule, but it has been there for a long time and as yet no one knows what it means. At least, we could make an effort to change that situation. We may have the same problem later after the schedule is changed, but if the term does not mean anything let us take it out. If we are not going to allow agricultural implements and machinery into Canada free of duty, we should not try to fool the farmers. This purported exemption is erroneous and it does not apply. I am asking the minister to clarify the meaning of that item and give the officials of the Department of National Revenue the benefit of that interpretation of the intent of Parliament. That is all I am asking.

Mr. Gray: Mr. Chairman, I just indicated to my hon. friend that I would certainly be prepared to look into the matter further. I do not know what more can be done at this point, since this item is not actually before this committee for consideration. I am prepared to go into the matter further. Perhaps my hon. friend is being too modest when he says he is not an expert, but he has produced some very well documented and informative speeches on

the subject, and I would be glad to take advantage of some of the research he has done in this field.

Mr. McIntosh: Mr. Chairman, I have just repeated what I have said since 1962. Every minister since then has replied in almost the same words this minister has used today. They have said they would be glad to look into this interpretation, but that does not do the farmers a bit of good. I ask the minister to change this interpretation or clarify it. This is a bill to amend the Customs Act and this is the time to meet this problem. Perhaps we may have to wait another year, but why can we not make this change now? The Department and its officials have known about this for at least eight years, to my knowledge.

Mr. Gray: Perhaps we are getting into an area of procedure. We are dealing now in the committee of the whole with a bill that has been given second reading. There is nothing whatsoever in this bill which touches upon the item in the Customs Tariff to which my hon. friend has referred.

Mr. McIntosh: That is my complaint.

Mr. Gray: My hon. friend says that is his complaint, and he has stated it very eloquently. That is why I say to him a decision to make further changes in the Customs Tariff is a matter of government policy which is usually announced only in the course of a budgetary presentation. In saying this, I hope I am indicating a great degree of good will and sympathy towards the approach he has put forward, and I am prepared to look into it further.

Mr. McIntosh: I have not got the bill before me but I thought in the explanatory notes there was a clause which referred to a clarification only.

Mr. Gray: What my hon. friend is referring to applies to two particular sections.

Mr. McIntosh: I know what it applies to, but why can we not put another item under that same heading, for clarification only? This is all we are asking. Just because the bill has been printed does not make any difference. If there has been an omission, we can add something. There would be no expenditure involved. It is just for clarification.

Mr. Lambert (Edmonton West): Mr. Chairman, I would only intervene at this stage if the hon. member for Swift Current-Maple Creek and the minister have completed their exchange of views. In this connection, I thoroughly support my colleague, the hon. member for Swift Current-Maple Creek.

I want now to raise a point that has been before the minister and his officials. It relates to Section 4(1) of the Customs Tariff Act. It has to do with the authority of the Governor in Council to pass Orders in Council, as was done in 1968, which suddenly change the nature of the tariff that is imposed on goods, and then perhaps two and a half or three months later reverse that again. I think the minister and some of his officials who are present are familiar with the case I want to bring before the committee.

My purpose in bringing this matter to the attention of the committee is not to question at all the raison d'être behind the Order in Council. This case had to do with the control of importation into Canada of textiles from low cost countries. What I continue to object to is that the method of procedure in this particular case involved an Order in Council passed in May, 1968 when Parliament was not in session. This action was taken during an election campaign. The Order in Council was published in the Canada Gazette of June 12. We know how long it takes for a copy of the Gazette to go out to western Canada, and particularly to Vancouver.

• (4:10 p.m.)

If there are going to be other conversations, Mr. Chairman, I will just shut shop. I am talking to the minister and the officials regarding a particular case, and I apologize to the minister if he is talking to the officials about the case at hand.

Mr. Gray: May I say for the record, Mr. Chairman, that I was trying to identify for the officials the case to which the hon. member was referring. I believe that is the case involving a higher duty on the import of shirts from Malaysia.

Mr. Lambert (Edmonton West): It is Order in Council 1968-1965, passed on May 15, 1968 and subsequently rescinded by an Order in Council in August of 1968. The number of the latter is immaterial, although I have it here. What concerns me is the attitude of the officials of both the Department of Finance and the Department of National Revenue that an Order in Council having been made is deemed to be public knowledge across the country ipso facto, because they care not one whit whether or not anyone has had an

opportunity to see the Order in Council or be aware of it. As I indicated, Order in Council 965 was passed on May 15, 1968. It was published in the Canada Gazette on June 12, and if anyone can tell me in this day of pony express postal service how a copy of that particular part of the Canada Gazette can get out to Vancouver in less than four or five days, then that man is a wizard and I invite him to specifically carry out what he says can be done.

What I complain about is that goods which have been ordered from a Canadian importer by Canadian firms, the order transmitted to a manufacturer based in Hong Kong or Singapore, executed during the course of the winter and shipped in three lots all of which reach Canada before June 12, which is the date of the publication of the order, were made subject, without further notice to the importer, of almost double the customs tariff. These goods originating from Singapore were suddenly removed from the British preferential rates and put under the general tariff.

I am not in any way criticizing the action of the government in relation to the authorities in Singapore. I realize there is a problem with regard to finished textiles from low cost countries. But what I do protest is the action taken against an innocent Canadian importer, and there is no official in the government service, unless he has the proof, who can impute knowledge or lack of bona fide to the importer. I have read more presumptions based upon presumptions in the replies I have received from the Minister of Finance (Mr. Benson) with regard to this particular case, than I thought were possible.

Not one tittle of evidence has been advanced by the department to show that there can be any question regarding the bona fide of the importer. There are assertions or allegations, but there is not one tittle of evidence. I put it to the minister that the burden is not upon this or any other Canadian businessman to prove his innocence when there is a situation of this kind. The goods in question were landed, the demands were made for the increase in customs duty, they were paid, and all the goods were cleared. Then, some two months later the government, having resolved its quarrel with the authorities in Singapore, restores the customs tariff to its previous level. When I make representations to the minister with regard to this, I am told the importer could have left the goods lying in the customs warehouse. That attitude is absolutely incomprehensible. We have an importer who is regularly doing business with retail firms across the country and who has a reputation to maintain. He accepts a signed order for goods. There is a contract on the delivery of the goods which he cannot escape. He cannot go to the retailer and say: I cannot deliver the goods to you because I am being charged extra duty.

In the case to which I refer, the timing of the delivery of the goods was essential to the contract. It was the beginning of the summer retailing season. If these goods had been left in the warehouse until after August 15, the market would have been gone and the retailer would have been entitled to call for rescission of the contract and to claim damages. This case deals with an extra customs duty of over $10,000.

What adds to the difficulty is that knowledge is imputed to the importer of discussions between Canada and Singapore and the other countries. There were questions about quotas, but no one can say that this importer knew that he was exceeding the quota or approaching the limit that Canada was going to impose. However, there is a general assertion that this man knew it or ought to have known it. That is patent nonsense.

The next point is that the importer was in some way acting in bad faith in ordering from Singapore rather than Hong Kong because Hong Kong was living up to the quota restrictions. But the Canadian importer did not know this. He was not privy to the dealings between governments. He was not aware of what precisely the government was doing in this regard.

The third point is that the Department of National Revenue issued some sort of internal bulletin, and it was asserted to me that the importer must have been on the mailing list. But it turns out he was not on the mailing list and there is no obligation on him to be on the list for these internal bulletins. In any event, he became aware of the changes when he went to claim the goods. There was the demand of the customs officer when the goods were going to be taken out of the warehouse, the customs officer who in such cases says the duty is not 17½ per cent. It may be 25 per cent. As a matter of fact I think it went to 35 per cent in this case, although I may be corrected on that.

• (4:20 p.m.)

What I am getting at is that it is totally unjust and unfair in matters of this sort not to provide in the Order in Council that this

additional duty should not apply to goods bona fide in transit. When the government was considering this matter, the goods were at sea. As a matter of fact, they were landed on May 23, May 30 and June 12. The duty was paid on May 29, June 5 and June 14, and it must be remembered that the Order in Council was published in Ottawa on June 12.

I go back to 1962 when there was a much greater emergency. I do not deny that within the industry there may have been some problems with regard to this type of import, but at the time of the national emergency in 1962 when surcharges were imposed, the government provided that all goods which were bona fide in transit at the time of the passing of the surcharge order should not be subject to the surcharge.

We are not talking about goods on order. I am talking about goods in transit where the importer cannot do anything about it. The goods are on their way. What are you going to do with the goods that are at sea? Are you going to refuse them and face a diminution of your business reputation and a likely claim in damages from your customers? I will admit that this point I am raising does not have to do directly with section 4(4). It has to do with section 4(1) which is referred to in this particular amendment to the Customs Tariff.

I want to know why in matters of this kind there is the refusal to consider this question of publication. I have mentioned it time and time again. There is the attitude that if you are in the Golden Triangle of Toronto, Montreal and Ottawa you sit in a comfortable pew. You have the advantage of immediate notice. We have this situation under the Immigration Act, and in fact under any number of acts. But people living in British Columbia and in Alberta or on the east coast, particularly now that we have this nonsensical postal system with restrictions on postal deliveries, are at an even greater disadvantage. Why should we be at a disadvantage? Is it simply because we do not live in Ottawa?

I am not complaining about living in Ottawa as such, but I think that businessmen in Vancouver, or Halifax, or Edmonton, or in St. John, Newfoundland should be in the same position vis-à-vis the government as businessmen in Montreal. Toronto and Ottawa. It is for this reason that I am so insistent upon this point. There is, (a) the publication of government orders, and (b), what I think is an entirely unconscionable and unjust action on the part of the government in insisting that extra duty shall be levied on goods imported by a bona fide importer unaware of the quarrel going on between the governments of Singapore and Canada. He is caught, so to speak, as meat in the sandwich.

What makes it doubly bad is that three months later the action taken in May is rescinded because the club has beaten Singapore into some form of submission. But the man who has been hit is the Canadian businessman, and according to the government he should take his lumps. I cannot see what justification can prompt such a decision, and the insistence that what the government has done is right.

The Chairman: Shall clause 1 carry?

Mr. Lambert (Edmonton West): I would like to hear what the minister has to say.

Mr. Gray: Mr. Chairman, my hon. friend has repeated in committee some arguments which he put forward in correspondence which he had been exchanging with my colleague, the Minister of Finance, and it is really difficult to go into the matter in detail in these surroundings when it involves reference to correspondence and documentation which I may inform my hon. friend is not before me at this time.

As I said to him when he was beginning his remarks and he was wondering why I was consulting with officials, I did have some recollection of the matter because I happened to see some of the correspondence which my hon. friend had been exchanging recently with my colleague, the Minister of Finance, and I was attempting to identify to them the particular matter which involves, as my hon. friend said, the import of shirts from Singapore. I may say that my initial recollection was Malaysia, probably because at one time Singapore was associated with the country of Malaysia.

As my hon. friend pointed out, the order in question was made pursuant to authority given to the Governor in Council by parliament when it passed the Customs Act. Also, as my hon. friend pointed out, this authority was exercised in a much broader way, but perhaps not in an identical way, by the government of which he was a party in 1962. If I am not mistaken on this earlier occasion Parliament was not in session, just as it was not in session when this order to which he refers was made. On these occasions, the respective Governors in Council were relying on the authority which they felt had been given to

them by Parliament when the Customs Act was passed.

I wish to say to my hon. friend that it may be that he has me somewhat at a disadvantage because I do not have the file in front of me and I am trying to speak from memory about a matter with which I was not directly charged from the outset. But perhaps it is fortunate that I did see some of the correspondence, and so I can attempt to comment on the argument he has made here.

I would gather that in publishing the Order in Council in the *Canada Gazette* the requirements of the law as it existed at that time were met. My colleague, the hon. member for Windsor-Walkerville, and the committee which he chaired has presented the House with a very useful document, the report of the committee on statutory instruments, which may well point the way to changes in the manner in which publication is made of these orders, but this is something to be discussed and perhaps implemented in another forum. In any event, there is something else my hon. friend alluded to which may indicate that something more was done by way of conveying information than he might have thought, and I refer to the issuance of what is commonly known as a "D" memo.

• (4:30 p.m.)

My hon. friend indicated that this may not have come to the attention of the particular firm in question. One would have to look also to see if it came to the attention of the customs broker who acted for that firm. I do not recall whether the firm put the goods through customs in person or used a customs broker. Let us say they used a customs broker. It is likely that every or almost every licensed customs broker in Canada would be a subscriber to the "D" memo service of the department of internal revenue. This is not simply an internal document of the department. It is something which, aside from being used to inform departmental officials, is used to advise those who deal with customs of various changes. The purpose of the "D" memo service is to provide all who subscribe to it with information faster than is possible by means of the press or the *Canada Gazette*.

Mr. Lambert (Edmonton West): I agree that the customs broker did have the "D" memo, but it had not arrived when the goods were in transit. The first "D" memo may have conceivably arrived only when the first goods were being landed.

Mr. Gray: My hon. friend may have a point in this regard. I have just been informed that the "D" memo in question went out on May 15. What I am trying to do is explain the "D" memo procedure, and inform those on the committee who are interested that it is not simply a matter of waiting until the Canada *Gazette* comes through to inform those concerned. There is also this other method of informing them more quickly of changes of this type.

Now there is really not too much more that can be added in this particular forum. It may well be that the decision of the government of the time was that the situation was sufficiently serious that very sharp and firm action had to be taken. I gather that after the order was made an agreement was reached with Singapore involving restraints by Singapore on the volume of export of shirts to Canada. I gather that if this arrangement had not been made arising out of the order, serious damage would have been done to Canadian firms and Canadian workers as a result of unfair competition by low cost imports from the country in question.

In any event, my hon. friend has raised, with all the eloquence customary to him, some other matters relative to this particular case. If I am not mistaken he has just recently written to my colleague, the Minister of Finance, about this matter again. These further representations are under consideration and perhaps I might take it upon myself to consult with my colleague about them both as expressed in the letter and as put forward to this committee, to see what further consideration can be given to them.

Mr. Saltsman: Mr. Chairman, while the question of definitions and the difficulties that arise in trying to determine in which category an item falls is being discussed, I should like to bring to the minister's attention a difficulty that has arisen as outlined in a letter which I have received. This concerns, of all things, equipment for eviscerating chickens. It appears that the Department of Agriculture has supplied a definition of what evisceration is. That definition includes the removal of the head and legs. However, those responsible for tariffs do not accept this definition and therefore duty is charged on this equipment as it comes into Canada.

I have sent a letter to the minister outlining the problem and asking him to look into it, but I should like to ask the hon. Minister at this time whether his department has any

plans for trying to eliminate these discrepancies in opinion arising between his department and other departments of government.

Mr. Gray: I must confess to my hon. friends on the committee that this is not a field of activity in which I claim any expertise. In saying this, I do not wish to imply that it is not very important to those concerned with the import of this equipment or the millions and millions who enjoy chicken in its various forms. At the same time, I should like to inform him that I will be very happy to look into the matter and consult with members of the Tariff Section of the Department of Finance, and those concerned in the Department of National Revenue, to see if some way cannot be found to resolve such conflicts in interpretation.

One sometimes looks upon tariff matters as being dry and dull, Mr. Chairman, but the point raised by my friend illustrates that almost every facet of Canadian life is touched by tariffs so the subject is rather more colourful and interesting than one might think.

While I am on my feet, perhaps I could take a minute or two to deal with a matter which my friend raised in his remarks on second reading. He raised the question of subsidized import financing in support of goods imported into Canada and its relation to our antidumping law. I should like to inform him that generally speaking goods are considered to be dumped where the normal value is lower than the export price. I am informed by officers of the Department of National Revenue that in the event that normal value or export price was affected by subsidized import financing, the latter would be taken into consideration by the officials of the department who would be carrying on investigations into complaints about the dumping of the goods in question. This may help answer my hon. friend's question and also act as a form of warning to those who feel that they might like to get around our antidumping law by such methods.

My hon. friend made some interesting comments about non-tariff barriers to trade. I should like to remind the committee in dealing with the point raised by the hon. member for Waterloo, that the members of the General Agreement on Tariffs and Trade decided after the conclusion of the Kennedy Round of tariff negotiations to undertake a study of non-tariff barriers to trade with a view to reduction or elimination of as many of these barriers as possible. Canada is one of the countries taking an active part in this study. A detailed inventory of such barriers has now been compiled and the next stage is to work out solutions to the wide range of problems in this field. This is something of great importance to Canadian trade generally and is one reason why Canada has been taking a leading role in the work of GATT. on non-tariff barriers. We hope to see concrete progress made in this direction through GATT or if necessary through direct contact with the various countries involved.

Mr. Gleave: Mr. Chairman, I should like to address a question to the minister. The *Globe and Mail* of October 10, 1969, carried a story to the effect that the United States had reached an agreement whereby Japan was to free the import of soya bean meal and peanuts for oil production by the end of 1971 and to expand import quotas for sausage, both meat and pork, by 20 per cent. In view of these recent revisions has the government of Canada, within the last year or two, been conducting negotiations with Japan directed to achieving comparative advantages for Canada and, if so, what have been the results?

• (4:40 p.m.)

Mr. Gray: Mr. Chairman, I do not recall the exact detail of the article which the hon. member for Saskatoon-Biggar has drawn to the attention of the committee. I recall that the Secretary of State for External Affairs indicated in the House, in answering a question earlier this year, that, certainly, with respect to the treatment by the Japanese government of the import of rapeseed as compared with the import of soybeans, discussions were carried out and I presume continued with the Japanese government. I gather the Secretary of State for External Affairs indicated when he answered the question raised in the House, I believe by my hon. friend, that the Japanese had promised to take the Canadian representations in this regard into consideration.

Mr. Gleave: Mr. Chairman, have no direct negotiations been carried out at, shall we say, the operational level between the two governments with a view to seeking a better deal for the Canadian producers of rapeseed or other agricultural items? In the intervening period, are negotiations being conducted?

Mr. Gray: Mr. Chairman, these matters have been raised with the Japanese and I

think it is a matter of continuing concern and interest for the officials of the Department of External Affairs and other departments concerned. These are rather delicate matters, and rather than take the risk of prejudicing the contacts that have been under way and are under way, perhaps I could refrain from attempting to give a more detailed answer at this point.

Clause agreed to.

Clauses 2 to 14 inclusive agreed to.

Schedules A, B, C, D, E, and F agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time?

Mr. Baldwin: Mr. Speaker, we are prepared to give leave now. We have had second reading, so that leave is required. Our consent is conditional on the minister's making a strong effort, which will go beyond the almost superhuman efforts made by my colleague the hon. member for Swift Current-Maple Creek (Mr. McIntosh), to produce answers to the respective questions which have been asked. We are not going to hold up this bill now, but I urge the minister, in view of our magnanimity in this connection, to try to provide those answers.

Mr. Gray (for Mr. Benson) moved that the bill be read the third time and do pass.

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

EXCISE TAX ACT

Hon. Herb Gray (for the Minister of Finance) moved that Bill C-155, to amend the Excise Tax Act, be read the second time and referred to a committee of the whole.

He said: Mr. Speaker, I should like to make a few brief remarks to explain and describe the nature of the measure before us. This bill is intended to implement the proposal in the budget speech of June 3, 1969, that a tax be imposed on the price of tickets or other charges for carrying passengers by air. As explained by the Minister of Finance at that time, the cost of construction and maintenance of air transportation facilities is very high and, in addition to obtaining revenue from user charges at airports, the government has decided that it is advisable to ask parliament to require individuals who travel by air to pay an amount through what, in effect, will be a special tax to help defray the costs of providing air transportation facilities.

When the proposed tax on tickets or other charges for transporting passengers by air was announced during the June 3 budget statement, the Minister of Finance said:

> We shall wish to consult with the air carriers about detailed problems of defining and administering a measure of this kind.

Therefore, during the preparation of this bill a number of meetings took place between air carriers, their associations and government officials. These meetings were extremely helpful and the bill now before the House reflects a great many of the proposals and suggestions of the carriers concerning the application and administration of the proposed tax.

In devising a tax on tickets and other charges with respect to transporting passengers by air, it was necessary to recognize that the air transportation business, perhaps more than any other, operates across international boundaries on a world wide basis. In many cases, passengers have a free choice between travel on Canadian carriers or those of other countries. It was also necessary to keep in mind that the United States imposes an ad valorem tax on air transportation at the rate of 5 per cent but that it does not at present impose a tax on international air transportation except for flights into Canada and Mexico.

The proposed tax would be what is known as a consumption tax. In other words, it would be imposed on purchases by people in Canada of air transportation. The proposed tax will be in two forms. It will be an ad valorem tax at the rate of 5 per cent on the amount paid for transportation, in certain cases, and a flat dollar amount in certain other cases. The tax, whether ad valorem or flat amount, will be paid at the time when the purchaser of transportation buys a ticket. It would not, therefore, be a departure tax or airport tax to be collected at airports. The 5 per cent ad valorem tax will apply to tickets purchased in Canada for transportation within Canada, to the United States, and to the islands of St. Pierre and Miquelon.

• (4:50 p.m.)

The flat tax will be a tax of $5 but it may be reduced by Order in Council to an amount of not less than $2. It would apply to overseas flights where tickets are purchased in Canada

for transportation that begins at a point in the taxation area and ends at a point ouside the taxation area. The term "taxation area" is more fully defined, as hon. members will note, in the bill before us. Where an amount is paid for the charter of an aircraft the 5 per cent tax, if applicable, will be on the amount paid by the person or group for the charter of the aircraft and not on the amount paid by each passenger. The flat tax, if applicable, will be calculated on the number of seats in the aircraft. The tax, whether ad valorem or a flat amount, will apply on charter flights that depart from Canada, even if the contract for the charter or the amount for transportation is paid outside Canada.

In conclusion, Mr. Speaker, I wish to say I will be pleased to attempt to answer more detailed questions that hon. members may have when the bill is in committee. I, therefore, ask the House to support the measure at the second reading stage.

Hon. Marcel Lambert (Edmonton West): At the outset, Mr. Speaker, I wish to say we of the official opposition support the principle that those who use the services should be expected to pay for them. However, I do not say that without some qualifications. I wish to point out the principle used by the government in drawing up this bill leaves a great deal to be desired. What is being done is an attempt to recover a basic amount for the provision of certain services by the government of Canada with regard to airports.

The first point I wish to make is that this service varies from one city to another. Regardless of where persons fly from or what their destination is in Canada, they will have to pay on the same basis. Secondly, having an ad valorem tax on tickets again raises a point about which I was complaining during the discussion of the previous bill. The one who is going to have to pay the most is the person who flies the farthest; in other words, the people living at the extremities of the country.

A person living in Edmonton or Calgary will have to pay $10, give or take a few cents, on a ticket to Toronto or Ottawa. During that flight the passenger will use two airports, the point of departure and the point of arrival. A person flying from Toronto to Windsor or London, Ontario, will pay a much lesser amount. In fact, a passenger flying from Toronto to Ottawa on a round trip ticket will pay approximately $1.90 ad valorem. If my memory serves me right, the round trip costs $38, giving a $1.90 ad valorem.

An hon. Member: The rate is $42.

Mr. Lambert (Edmonton West): I stand corrected. It would then be $2.10 ad valorem. That passenger would also use two airports, Toronto and Ottawa. The passenger coming from Edmonton or Calgary to Toronto has paid approximately five times as much, but has not used any more facilities. I do not think he has to pay $8 for the communications network, therefore I do not see the reason for this ad valorem tax.

In addition, there are vast areas in this country, such as in the north, where the only means of communication is by air travel. One need only study the schedules of the airlines flying out of Edmonton, Prince Albert or Winnipeg to see the cost of the fares. People living in the District of Mackenzie, in places such as Fort Norman, Fort Simpson and Inuvik, will really have to pay.

The frontier we are now developing is all along the rim of the Arctic. We are sending great numbers of people to the Arctic to look for oil. I am speaking of the west and the Northwest Territories, the whole eastern slope of the Rockies. We are competing, but what is being done? We are being loaded down with another additional cost.

Let me assure hon. members that the Department of Transport provides very rudimentary or almost non-existent facilities, outside of communications, into those areas. Yet a passenger going from Edmonton to a small landing strip with a shack for a passenger terminal, or something a little better although very humble compared to Malton, Dorval or Vancouver airports, has to pay the same as a passenger going from Toronto to Montreal.

Mr. Knowles (Winnipeg North Centre): That is the just society.

Mr. Lambert (Edmonton West): This is a government acting from its comfortable pew. In other words, they are saying, "I am all right, Jack I am in the lifeboat". I could use much rougher terms than that. We intend to make a point of this. I give the government fair notice that we intend to move changes with regard to this type of tax. We are not seeking to change revenues. The minister is entitled to estimate what type of revenue he should get, and what should be the cost to the taxpayers. Here again, I ask for justice on behalf of the taxpayers.

I see it is five o'clock, Mr. Speaker.

ROUTINE PROCEEDINGS

HEALTH AND WELFARE

TABLING REPORT OF TASK FORCES ON HEALTH SERVICES

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, may I ask for the unanimous consent of the House to revert to motions for the purpose of allowing me to table certain reports?

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Haidasz: Under the provision of Standing Order 41(2) I am tabling in English and in French the reports in draft form of the task forces on the costs of health services in Canada.

[*Later:*]

Mr. A. D. Hales (Wellington): On a point of order, Mr. Speaker. I ask the parliamentary secretary if the reports he just tabled have been made available to the conference of provincial doctors and federal people that are meeting here in Ottawa this week?

Mr. Haidasz: Mr. Speaker, the Minister of National Health and Welfare has made these documents available to the provincial Ministers of Health attending the federal-provincial conference of health ministers.

Mr. Hales: A supplementary question. I take it from the parliamentary secretary's reply that this information has been made public before the members of parliament received it.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Vancouver East (Mr. Winch)—federal buildings—Vancouver—new project and "Project 200"; the hon. member for Wellington (Mr. Hales)—national revenue—delay in federal sales tax audits of companies; the hon. member for Notre-Dame-de-Grâce (Mr. Allmand)—violent disturbances—Montreal—bombing at Loyola College.

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to consideration of private members business as listed on today's order paper, namely: public bills.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): There have been certain discussions, Mr. Speaker, and I believe there is general agreement to proceed with Item 8 on the list of public bills and stand the other bills.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: They stand at the request of the government.

PRIVATE MEMBERS' PUBLIC BILLS

CRIMINAL CODE

AMENDMENT RESPECTING FINE PRINT CLAUSES

Mr. Barry Mather (Surrey) moved that Bill C-21, to amend the Criminal Code (Fine print clauses), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

• (5:00 p.m.)

He said: Mr. Speaker, on rising to speak in support of my bill I wish to say at once that it was talked out two years ago by very appreciative but also very loquacious members on the government side of the House. In the second place, I realize that there is some provincial legislation in the field in which the bill is intended to operate. Third, I note the fact that we now have a Department of Consumer and Corporate Affairs.

My feeling is that the subject matter of this bill could provide that department or some appropriate committee with a subject for study or possible legislation. The purpose of the bill is—and I quote from the explanatory statement I made in the House—to eliminate the trouble which is so often caused by fine print or small type in contracts. The measure would amend the Criminal Code to make illegal the publication of clauses in contracts or deeds printed in small typographical characters with intent to delude the purchaser with respect, for example, to the limitation of benefits. Fine print in this context means type smaller than the main body of the print in the contract. The entire aim is to protect the consumer.

The bill contains two clauses, one setting out the penalties for those found guilty of an offence in line with what is proposed. Anyone found guilty of an indictable offence would be liable to a fine not exceeding $500 or to a term of imprisonment not exceeding three months, or to both fine and imprisonment. Second, the expression "small typographical characters" means characters substantially smaller than the size used in the body of the printed matter of the document.

When this bill was discussed, and, unfortunately, talked out earlier, I felt that some hon. members, particularly on the government side, made useful contributions toward refining what is proposed in the bill. For example, the hon. member who is now the Minister of Consumer and Corporate Affairs (Mr. Basford), speaking on the measure at that time in 1967 said he thought a good plan would be to identify the small characters in the type of policy contracts and so on by colour rather than by just a reduction in the size of the type. This appears on reflection to be a very practical thought. I would be happy if the general idea put forward in the bill were to be referred to the department for consideration of the minister's suggestion.

I could say a good deal more, but my intention this afternoon is to be as brief as possible. After all, most hon. members have heard this proposal before; whatever they think of it I am sure they are all well aware of what is proposed. I thought the hon. member for Beauce at that time made a good contribution to the discussion when the bill was talked out in 1967. He said he fully agreed with the intent of the bill and hoped that the then proposed department of Consumer and Corporate Affairs would study the measure suggested. I would go a little farther than that. I would ask hon. members this afternoon, though I have no hope of the bill being passed, to consider whether it could not reasonably be directed to the attention of the appropriate committee or to the department which he mentioned. I believe that in the area covered by the bill, even if the exact terms of my proposal are not followed, millions of dollars could be saved for many millions of Canadians if there were better regulation of the fine print used in contracts, as I have sought to indicate.

Mr. Steven Otto (York East): Mr. Speaker, it is not very often I get up in this House to be less than complimentary to another hon. member in connection with the introduction of a bill, especially a private member's bill. I was hoping that the hon. member for Surrey (Mr. Mather) was rising to say he would like to withdraw the bill. That would have been very kind action and it would have saved me this cruel task—I believe it will be a rational one.

The hon. member was correct when he said this subject had been discussed before. This is, in fact, the third occasion on which almost identical bills have been before us. Today, the hon. member wants this measure to go to a committee where it can be hashed over again even though, as he admits, time has passed by. Small print is no longer of any consequence. We have a Department of Consumer Affairs and, moreover, this happens to be a provincial matter. It seems that someone has dragged the barrel of old bills into a new session. Incidentally, I was checking the numbers of private bills introduced on the Order Paper, and I found that the New Democratic party is responsible for 40 per cent of all the bills presented. I, personally, wonder whether this is the purpose of the assistance they were given—to drag this barrel of all the old bills along and flood the Order Paper with them. Some of the fault lies with Your Honour. It is, I believe, ultimately the responsibility of the Speaker to decide whether or not old bills rehashed several times should even be placed on the order paper.

Some hon. Members: Order.

Mr. Otto: I shall not deal with the aspect of the proposal which has already been pointed out by hon. members on this side to the effect that this is a provincial matter. The hon. member admits that the Department of Consumer and Corporate Affairs has been saddled with the responsibility of fighting such abuses as he describes. This is not merely a matter of the size of the print. Anyone who suggests that the civil law does not cover this point has simply not studied the law. The hon. member may be surprised to learn that the civil courts have been well ahead of him for 20 years. Anyone who has practised law or who has talked with lawyers would find that the size of the print does not matter at all. If a judge or a civil jury finds that the purpose of anything in a contract, or, possibly, even a parking ticket, is to keep the plaintiff, or the person directly concerned, uninformed, or to defeat the purpose of the contract, or to defraud the person concerned, the fact that it is included in the contract would have no bearing at all on the case. The common law

has given credence to exactly what the hon. member now tries to achieve by using the criminal law. I dare the hon. member to give me one case during the last five years where the argument that the inclusion of a fine print clause was meant to hide something, and was given credence by the court, was not thrown out as a defence to the action. I suggest to the hon. member that his bill is a repetition of the existing law.

• (5:10 p.m.)

The nature of man being what it is, it does not seem to matter whether the print is large or small. A few years ago I recall the government of Ontario passing a law that provided that all automobiles sold in Ontario as used cars must bear a certificate stating in half inch block letters whether or not the car was roadworthy. In effect, every car that was from then on sold in Ontario was represented in large block letters as being unroadworthy, yet people bought the cars just the same. I have not seen one certificate in the last four years declaring that a car was roadworthy. This law was ignored until the passage recently of provincial legislation respecting dealerships, which are now compelled to make their cars roadworthy before sale. So, surely the size of the fine print is not the criterion for judging whether we should include the matter within the criminal law, as suggested by the hon. member.

Is it not strange that he and his party have declared that the criminal law must not be applied to those who smash windows, set buildings on fire and use violence, because these people are reformers? Yet today, we see not only the hon. gentleman opposite but also many Canadians declaring that the protection of property does not necessarily involve criminal jurisdiction; that a person who damages property, or even threatens the life and limb of others in the cause of rebellion, should not be judged according to our criminal law. They also declare that use of drugs should not be a criminal matter.

The hon. member is saying, in effect, that those who throw Molotov cocktails while parading in Montreal, Vancouver, or on university campuses should not be charged with criminal offences because they are acting in the cause of rebellion. Yet someone who prints a contract containing a clause in fine print may, if the hon. member's bill passes, be sent to jail for three months. The hon. member cannot have it both ways. I am not suggesting for one moment that in protecting private property one is justified in committing assault; whether the theft of private property is punishable by imprisonment is something for the court to decide.

I suggest this bill would further restrict the provisions of the Criminal Code. Today, we can be sent to prison for refusing to take a breathalyzer test. There are also provisions relating to impaired driving, but I do not drive. Although the Criminal Code is embracing new concepts, at the same time I feel we are restricting it. If the hon. member's bill were adopted, then what about such matters as riding a bicycle on the wrong side of the road?

With regard to false and misleading advertising, the question of what is false and misleading has not yet been decided. If someone were to sell me a product which he claimed was the best available on the market, and a month later I found one that was better, would this person go to jail? Of course not.

Not only would the incorporation of this provision into our criminal legislation be reversing the trend today; this matter is already being taken care of by other government departments. We are all aware that some people continue to promote ideas even though the world has passed them by. I am reminded of those young "Turks" who 35 years ago were disciples of John Maynard Keynes. Today these disciples are in power and are plugging the concepts of Keynes for all they are worth. The fact that they have no relevance to today's society does not faze them. Neither is the hon. member fazed by the fact that he is proposing a measure that he admits does not come within federal jurisdiction. As I say, the point is already covered by the common law.

Mr. Mather: Mr. Speaker, before the hon. member resumes his seat, may I ask him a question? From what he has said, am I right in determining that he does not agree with the present Minister of Consumer and Corporate Affairs, who has said that this bill has merit but that the print should be coloured print rather than fine print?

Mr. Otto: Mr. Speaker, the minister was kind. I am not.

• (5:20 p.m.)

[*Translation*]

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, I listened with great interest to the hon. member who introduced the bill before us and to the member who spoke after him.

As the representative in the House of a part of the population, I think the matter to be debated has two sides, as do most of the problems submitted to us.

On the one hand, I cannot help but congratulate very warmly the sponsor of the bill which aims primarily at protecting the Canadian consumer, since particularly in the last few years, we have paid attention to the problem.

That aspect of commercial, insurance and loan companies contracts is the one that should be examined by the government and more especially by the Minister of Consumer and Corporate Affairs (Mr. Basford). Indeed, I also feel that the form of those contracts raises every day some problems for the purchaser or the policy-holder.

It is often stated that those who buy insurance do not take the time to get acquainted with the terms of their contract. The reason is that those contracts are quite elaborate and that certain clauses appear in fine print. If such contracts were drafted in a plainer and clearer style, they would contribute to protect the citizens.

On the other hand, I notice that the hon. member has introduced this bill several times in recent years and I have the impression that he always does it in the same way.

A moment ago I was reading the speeches made last February in connection with this bill and I realize that the member is again introducing his bill in the same way, supporting it with nearly identical arguments except that he acknowledges the provincial jurisdiction and the part played in this field by the Department of Consumer and Corporate Affairs.

The hon. member for Surrey (Mr. Mather) could have given more details on the nature of discrepancies or other weaknesses inherent in these contracts. He should have given examples and been more explicit as this would have made it easier for us to offer sound criticism.

The government has a part to play as regards the protection of the public in most cases where goods and services are bought. I feel that if we study existing legislation, whether provincial or federal, we realize that certain laws contain provisions to protect the public in this matter.

Perhaps the member goes too far in always presenting his bill the same way. The creation of the Department of Consumer and Corporate Affairs seems to be a striking example of the fact that mostly in the last few years the government has developed an increasing awareness of its responsibilities which it is ready to assume fully.

Does the problem come solely under federal jurisdiction? Although I am certainly not competent to express an opinion in this regard, it is my modest personal view that the provinces, even if they do not have a strong say in the matter, should at least assume responsibility for providing legislation to solve problems which might arise in this area.

I believe all the provinces of Canada have adopted such laws.

However, I also know that several professional groups in Canada have formed associations, not for the protection of their members, but primarily to protect the public against potential abuse on the part of members of associations or corporations.

Moreover, I know that insurance agents throughout Canada have joined professional associations and that insurance companies, as well as insurance agents both individually and in small groups are increasingly making continued and serious efforts in order to improve the general skill of their members so as to serve the public better.

It is a fact that, in Canada, the federal government, the provincial governments and several associations are on the lookout for those problems and keep a continuous watch so as to protect the public.

It also seems that if Canadians wish, for instance, to buy insurance policies or to benefit from advantages offered by finance companies or others, they can get information on what they buy and on what they are getting into through the news media, namely TV, newspapers and advertising handouts, which are becoming more efficient every day. I have in mind here a certain kind of advertising finance companies usually go for.

Further more, every year, in each region, the agent who has sold more than a million dollars' worth of insurance receives some kind of honour. In my opinion, besides stimulating the agent who earns his living by doing advertising insurance companies, that indirectly makes the public aware that such an agent is trustworthy because many citizens relied on him during the year by passing on to him their insurance problems.

• (5:30 p.m.)

I am no lawyer, but nevertheless, when I see the ways of our society, I find that the

citizen is protected by provincial laws in this respect and that he can also resort to civil courts. Lawyers claim it is easier to resort to civil courts than to criminal ones in that connection.

I was saying at the beginning of my remarks that both sides of the medal had to be considered. Indeed, we all are in favour of protecting the consumer and we all wish for serious steps to be taken for that purpose. For some time, in various places and in government circles, people have been talking about protecting the consumer and putting a ceiling on prices and wages. More and more we wish to consider the difficult problems with which the consumers are grappling; however, if the question comes up under the aspect referred to in this bill, the hon. member should have been more explicit and shown more originality.

I hope that the Minister of Consumer and Corporate Affairs also will consider that problem, as well as the officials of his department and the other hon. members. Indeed, it would be advisable to have this bill amended in committee, so as to make it more workable.

One detail in the speech of the hon. member has struck me. He stresses that some members would have tried in the past to kill his bill and that the same thing is happening again. In my opinion he gives too much importance to this matter because he knows the procedure concerning those bills. In my humble opinion the way we discuss this bill and other similar bills is positive and efficient because it has at least the result of drawing the attention of the members to these problems. This can be a good thing for the welfare and the happiness of the Canadian people. It is also possible to focus the attention of the government which will study these proposals again later to adopt effective measures.

If the hon. member accuses us of trying, sometimes, to kill such bills, I could briefly allude to the role played by some of his colleagues when they try, to the disadvantage of the consumers they sincerely want to protect, to delay the passing of certain private bills whose basic aim is precisely to protect the consumers.

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I just want to add a few words on bill C-21 with which we are now dealing.

First I congratulate the hon. member for Surrey (Mr. Mather) who wants by this bill to protect those who buy insurance through a printed contract under conditions laid down by the Civil Code.

I believe this bill to be important but incomplete. As the hon. member for Rimouski (Mr. LeBlanc) said, this bill has been discussed several times and always in the same or nearly the same way.

The text of the bill says, and I quote:

—Everyone who, with intent to mislead—

It is very difficult to know whether or not the company intended to mislead in printing clauses in small typographical character.

If the hon. member for Surrey really wants to help the public, he should eliminate, as far as he can, the possibilities of legal proceedings.

It would seem that this bill is nothing but a trap enabling anyone to make a charge of fraud against any finance company, insurance company or any other company. As for insurance companies, the clauses of their contracts should be more explicit. To show that such contracts are very difficult to understand, I shall take the liberty to read the statutory conditions related to fire insurance in the province of Quebec, and I quote section 16:

Should any disagreement arise as to the value of the insured property, of the property saved or as to the amount of the loss, such value or amount and the proportion (if any) that the company will have to disburse shall be submitted (whether the right to recover under the policy is discussed or not, and independently from all other questions) to the arbitration of a person chosen by both parties, or, if they cannot come to an agreement, then to the arbitration of three persons, one to be chosen by the insured, another by the company and the third by the first two persons chosen or, if they cannot come to an agreement, by a judge of the Superior Court sitting in the district where the loss happened; and such arbitration is subject to the provisions of article 1431 and following article of the Code of Civil Procedure. If the company is otherwise bound, the decision of the arbitrators will be final regarding the amount of the loss and the proportion the company shall pay. In the case where the full amount of the claim is granted, the costs will be paid accordingly, and, in all other cases, all matters of costs will be left to the arbitrators.

Mr. Speaker, I do not understand any of this. I am a licenced insurance agent and even if I tried to explain it to a client, I would not succeed. Even if it were written in large print, such as is used on the first page of a policy, I think it would not be any easier to explain.

The hon. member for Surrey (Mr. Mather) should, through his bill, ensure that such contracts are more precise.

I believe that contract clauses should not come under the Criminal Code, because, generally, they are signed by two willing parties who are aware of the commitments they are making.

I do not support the bill, because I believe that such contracts are already complicated enough without having to ask oneself whether the contracting parties had the intention to mislead.

• (5:40 p.m.)

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, if I am to congratulate the hon. member for Surrey (Mr. Mather) for introducing this bill, I do so mainly because of his patience and perseverance, for this bill was not passed by hon. members when it came before the House in 1967 and 1969. Hon. members were right in so doing, as it seems evident that this bill to amend the Criminal Code deals mainly with a provincial and civil law matter.

However, the hon. member's objectives certainly are very praiseworthy, for if this bill succeeds in calling public attention to the danger of signing contracts whose meaning one understands only when they have been signed, the bill will have achieved, together with the relevant discussion, a useful purpose.

The hon. member likely wants to draw attention of the Department of Consumer and Corporate Affairs to the need to warn the public against this danger.

The explanatory notes say that insurance companies should be prohibited from embodying in their contracts fine print clauses. I think the problem is real, even if the hon. member never mentioned specific cases. As a matter of fact, I have often noted that people almost never read contracts, and even less insurance policies. Even the clauses printed in large characters are difficult to understand, except for lawyers specializing in this field. Other people rely on the salesmen to explain to them the terms of the contract.

The hon. member for Richmond (Mr. Beaudoin) is nodding his agreement. He sells insurance and he knows what I mean.

Whenever a disaster or an accident occurs, people wake up; they try to understand what is happening and get in touch with their insurance broker or their lawyer.

I believe that the goal being sought by my hon. friend is indeed commendable, but that the bill itself is rather inadequate, especially as concerns amending the Criminal Code. Let us refer to the terms used in section 328A to be inserted.

[Mr. Beaudoin.]

Sub-clause (2) reads as follows:

—the expression "small typographical character" means a typographical character that is substantially smaller than the one used in the body of the printed matter of the document.

I find this somewhat vague. What would happen, for instance, if the whole contract were printed in such typographical characters? The said section would then have very little meaning.

I would prefer the suggestion of the hon. member. The essential clauses in insurance policies, intended to exclude the liability, should be printed in different characters and in red in order to call the attention of the contracting parties, because as a rule they are not included in the statutory terms of insurance policies. Certain clauses are particularly important for the insured or for a party to a contract of another nature, whether it be an instalment or financing contract. In fact, the citizens do not realize, for instance, that they have one year only to file a claim and that they have barely a few weeks to produce a proof under oath in support of a claim. Failure to meet these conditions might cause the insured to lose some of his rights. Therefore, it would be important if for instance one could easily take note of these conditions.

They should be underlined or printed in another colour in order to call the attention of the contracting parties because, although they might consult a lawyer or an insurance broker, the time for their appeal might have lapsed. This suggestion could be usefully considered if we wish to protect the consumers and the insured public.

The bill deals with an indictable offence. That might be going a little too far. If we had really wanted to amend the Criminal Code, it might have been better to make it an offence punishable on summary conviction, since the penalty provided in this case does not seem as severe as that provided for an offence punishable on summary conviction. Furthermore, the bill says and I quote:

Everyone who, with intent to mislead, prints or causes to print in small typographical character.

Therefore, the offence would lie in the fact that someone prints or causes to print something. I cannot understand how this is an offence. The offence would rather consist in distributing or selling any article under a contract written in fine print.

Where deceit is the obvious purpose, we must not forget that the Criminal Code provides for the real cases of fraud, and legal action can be taken against the person who, in a deliberate attempt to deceive would have made people buy, for instance, an article under false representations. This happens often but does not apply so much to insurance contracts which, in general, are pretty standard and in which there is no false representations. This applies especially to the contracts used by canvassers who sell articles under false representations and who make people buy lots in Florida, sewing machines or family trees. They often tell people that they are not really buying anything, that they are not committing themselves to anything, while the latter end up by signing a contract, probably with full knowledge of the facts.

The Criminal Code and even the Civil Code provide for the annulment of a contract in case of fraud.

But the main objection to the bill is that its purpose falls within provincial jurisdiction. It therefore behoves the provincial authorities to pass legislation to protect those who sign such contracts and to set the rules governing all contracts, but more particularly insurance contracts. Insurance companies are members of responsible associations such as the Federation of insurance agents and insurance companies. There are also insurance superintendents. Most of the provinces have adopted laws and regulations on insurance. To my mind, and generally speaking, the public is well enough protected in that field.

The legislative assemblies are authorized to legislate on this matter. I maintain that the hon. member did well to draw those cases to the attention of the public. Indeed, he has done useful work and we trust that the people will be grateful to him for it But, though he is entitled to our congratulations, I do not feel that we can adopt this bill or refer it to a committee.

Mr. René Matte (Champlain): Mr. Speaker, I listened to the arguments put forward by my colleagues and I would merely like to endorse a few of them.

People who intend to mislead may do so whether the print used is large or small.

However, I can understand that the consumer's first reaction may be to resort to such an excuse when he has been fooled, as we say. The first excuse that comes to his mind is that he had not read the contract. Even if the contract had been read and re-read to him, he will always resort to the same excuse. The one who was fooled by some contract always claims that the clauses were in very fine print and that he signed it without question because the print was too small to be read.

I do not believe we could do away with fraud by passing this bill. That is why I found sensible the argument put forward by the hon. member for Richmond (Mr. Beaudoin), namely that the size of the print does not matter, what matters is that one should understand the clauses of a contract. That is the point to be considered, for whenever a person feels wronged by the terms of a duly signed contract, it is not because of the fine print of the clauses but because the wording was incomprehensible or ambiguous, since anyone could give it any meaning he wished.

It is through the purposely unintelligible wording of contracts that people are misled and not because of the size of the print. This, however, is quite likely to happen, and some take advantage of the small print to insert clauses which are not to the advantages of the customer.

When we deal with such matters, we must protect the customer by looking more fully into the problems and by finding ways of detecting real fraud. People claim they are fooled because of the fine print as a pretext for refusing to sign a contract. In some cases, the fact that fine print is used does indeed protect the people who then use it as a pretext.

I am far from denying the merits of the bill introduced by the hon. member. Of course, we all want to protect the consumer. But that is not the real problem, and whether there is a problem or not, it is up to the provincial governments to solve them.

• (5:50 p.m.)

[*English*]

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, while I fully support the principles which prompted the hon. member for Surrey (Mr. Mather) to introduce this bill, I do not think the bill properly deals with the problem. As a matter of fact, I think it is a bad bill because the fine is not large enough. Under this bill a man could be in the class of which the hon. member complains, pay the fine or undergo the penalty and still make a great deal of money. This is a very important problem and one with which I have dealt

many times in my practice as a lawyer in cases where people were duped by big business because of clauses in contracts; and not only big business, but firms like jewellers, dry cleaners, etc. I acted in a case concerning a ski-tow that involved many thousands of dollars. It was written on the tow ticket that all fault and responsibility was excluded. A young boy went on the ski-tow and was injured, fracturing his skull, his back and many other parts of his body. The company tried to get out of its responsibility because it was written on the ticket, which is a contract, in big print that they would not be responsible.

Mr. Speaker, I feel that this type of bill will not meet the problem. We need to bar any exclusion of responsibility in written contracts, whether they are big or small. I do not think that anybody in business should be able to make a profit out of exclusion from fault or responsibility. I do not think this bill covers the problem. It is true that in the courts of some provinces this type of clause excluding responsibility or fault has been outlawed, but they have not gone far enough.

I think that if the Minister of Consumer and Corporate Affairs (Mr. Basford) proceeds with the policy he has enunciated, it will fill the gap. There are those who argue against this proposition and cite the principle of *caveat emptor*, "Let the buyer beware", stating that when a man enters into any kind of agreement or contract he should realize what he is doing and bear full responsibility for it. We know that the services and goods sold on the market today are so technical and so complex—

The Acting Speaker (Mr. Béchard): Order, please. The hour appointed for the consideration of private members' business having expired, I do now leave the chair. The House will resume at 8 p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

EXCISE TAX ACT

The House resumed consideration of the motion of Mr. Gray (for the Minister of Finance) that Bill C-155, to amend the Excise Tax Act, be read the second time and referred to a committee of the whole.

[Mr. Allmand.]

Mr. Lambert (Edmonton West): Mr. Speaker, at the five o'clock adjournment I had discussed in part those aspects of the principle of the bill that I wish to cover at this stage of the debate. I emphasize once more that the opposition has no basic objection to having the Minister of Transport (Mr. Jamieson) recover some of the costs of operating Department of Transport airports and related services from persons using those services and airports. However, I had indicated my objection to the principle of an ad valorem tax on tickets which is based on the quantum of the ticket. This principle will throw a disproportionate burden on those persons who are flying long distances and it will adversely affect the sparsely settled areas of the country, particularly the north and the mountain areas where a good deal of flying is done but at high cost. Minimal facilities are provided there by the Department of Transport.

Therefore, I would feel it preferable to collect a flat rate from every passenger, as is done at many airports in foreign countries. As a matter of fact, that is what is proposed to be done with regard to passengers leaving on flights overseas. I think it would be much simpler if there were an agreed charge: While some people might object that those on relatively short flights are paying a higher incidence of tax than those on longer flights, it seems to me that the same revenue would accrue to the government from an average and fairly minimal charge. I do not know what the experience will be as to what should be the average charge, but I am sure it will not be disproportionate to the 5 per cent charge to the great bulk of passengers who fly on shorter, commuter routes in Canada.

Having examined the bill, I feel that the government is imposing on business and industry the entire cost of collecting this tax. To my mind the airline companies, particularly the smaller ones, will have the burden imposed on them of collecting and remitting the tax. If you look at the bill itself, Mr. Speaker, you will find that quite a burden is imposed upon every airline that will be subject to the tax. I say airline, but some of them will be merely air services.

On examining the bill, you will see that a licensed air carrier has the duty of collecting the tax which is a debt to Her Majesty. There must be a monthly return in respect of taxes. In fact, there must be a nil return in those cases where services which are operating in

the much more thinly populated regions of the country cannot, between seasons, carry any passengers; they have to file a nil return. There are severe penalties for default. I am sure that if I were to examine all the fine print in the bill and read all the regulations it is proposed to pass, I would discover that a trust will be imposed on the moneys in the hands of the licensed carrier. These moneys are collected on behalf of Her Majesty. Therefore, they fall into the same category as all other forms of taxes that are collected and receive a certain priority.

It seems to me, Mr. Speaker, that the government could quite easily make some adjustment based upon the quantum of taxes being remitted, in order to pay for these services. This tax money will amount to quite a large amount. But here we go again: the government wants money and it is telling the businessmen involved, "You are going to pay for the cost of collecting this tax." I think it is about time the government paid to have these taxes collected. We find that in the bill this is the businessman's responsibility. I submit that it is the responsibility of the government and is not the responsibility of the businessmen concerned. I hope there will be some changes in this regard.

I think other members of the opposition wish to make remarks on this bill, and I am sure some government backbenchers will wish to speak to it. I invite comments from hon. members such as the hon. member for Northwest Territories (Mr. Orange) and those representing the developing regions of Quebec and Ontario. I think we all wish to see how they react to this 5 per cent surcharge on almost the only, and very essential, form of transportation in their constituencies, transportation which covers not only business but pleasure and the development of their areas. If they think this is a fair impost, I should like to hear them say so, in order that their constituents may consider the position of those hon. members.

Mr. Max Saltsman (Waterloo): Mr. Speaker, it has been my experience that one can criticize the Liberal Party in almost any way as long as you give its members credit for being businesslike. If there is anything this government is proud about, it is that it runs a businesslike operation. The Liberals think they know how to run the country. Mr. Speaker, I suggest in very mild terms that they are disastrous as businessmen. All the time they feed us with phony propositions, as if we cannot see through them. This bill is another of those propositions.

• (8:10 p.m.)

Who is going to be paying this tax? Let us face up to the situation. The government starts by saying that some of the deficits in operating airports have to be recovered. I believe the deficit is in the neighbourhood of $57 million. This proposal, if passed, will bring in another $20 million and will still leave a deficit of $37 million on the operation. It has been in the past, and will continue to be, a subsidy to business. It has always been of this nature and no one is really taking any exception to this.

When this government hands out some old age pensions it thinks it is doing a great job, but it does it in a very meagre way. The government says, "We are subsidizing the poor, and we should not do so much subsidizing". But when the government subsidizes the rich, it does not count for much. This situation has been continuing for a long time and will go on even after this legislation is passed, if it is the disposition of the House to pass it.

The only people who will pay this 5 per cent tax are those in groups which charter flights, because that form of air travel is all they can really afford. I have experience of many of these groups. They consist of people who have saved for years in order to get back to the old country and visit their relatives and friends. They travel on these flights because of their relatively low cost. These are the people who will pay more. There is no way they can pass off this 5 per cent tax, just as there is no way they can pass off the airline ticket. That is part of the double standard of taxation in Canada.

What difference does it make to the businessman if we add another 5 per cent to his airline ticket? The whole amount was deductible before, and it will still be deductible. The government will be paying part of those costs. If it is not the government which pays, the additional tax will be reflected in higher prices being charged by the company concerned. The same pretence is being made here, namely, that we are trying to put airport operations on a paying basis. In fact, the subsidy is simply being transferred from one point where it is very visible to another point where it is not so visible, because of our tax system.

This is not the only thing the tax system conceals, but it is an example of how these

things get swallowed up in a tax system. The government will either lose revenue or prices will rise to take care of this situation. This is a sort of peanuts operation the government is running. What is particularly infuriating is that there was an opportunity in the past —and the opportunity still exists—for the government to recover large sums of money which could have been applied against the operating losses of airports. I am referring to the fact that we started off in Canada with a solitary airline, Air Canada. The minute it started to do well, the government introduced a competitor. Every time they appear to be doing fairly well, the government makes certain there is a competitor to interfere with its operation. We in this party believe it is far more effective and businesslike to run airlines on an efficient, profitable basis rather than embarking upon the kind of taxation gerrymandering that is being suggested in this piece of legislation.

We in this party believe that the government has an obligation to state clearly its policy with respect to Air Canada and to end the uncertainty and speculation that has placed a cloud on the future of Air Canada. The impression persists that the Liberal government, with its usual concern for the interest of big business, is preparing to hand over all or part of Air Canada to private ownership. The chairman of Air Canada, appointed by this government, began his term of office in January by openly advocating the merger of Air Canada with Canadian Pacific Airlines. Had he suggested we take over Canadian Pacific Airlines, as we should, that would have been something else. They never should have been allowed in the field. The idea of a merger will not appeal to the taxpayers of this country. The week after that statement was made, Canadian Pacific was authorized to increase its transcontinental service from two daily flights in each direction to five, perhaps the most ill-timed administrative decision in Canadian history.

One would assume that if a merger was really under consideration, the government would do nothing in the interval to strengthen the hand of Canadian Pacific. Instead, the government and the Canadian Transport Commission, headed by a former Liberal minister of transport, have placed Canadian Pacific in a position in which to demand a larger share of the ownership and control of the merged airline in the event that a merger takes place. We cannot help viewing these events in light of the fact that the Minister without Portfolio from Manitoba (Mr. Richardson), who has been placed in charge of air transport policy by this government, until recently was a director of Canadian Pacific and a major holder of its common stock.

We do not dispute Mr. Pratte's claim that money would be saved by having a single transcontinental and international airline. Unlike the Liberals, we have consistently adhered to that position. We have also insisted that that airline remain under public ownership. Since the public pays for the construction of airports and in effect subsidizes the whole industry, private entrepreneurs must not be allowed to reap a major share of the profits. We know that in a thinly populated country it makes no sense to have two airlines trying to duplicate one another's schedules, particularly when Air Canada will within two years be operating aircraft which have twice the seating capacity of those now in service. Duplication of service reduces load factors and increases costs, and we note with concern that the major airlines are rumoured to be considering another increase in domestic fares. On top of that there will be this additional 5 per cent tax.

On the other hand, we must point out that the uneconomic situation which exists did not arise mysteriously from natural causes; it is the result of deliberate government policy over a period of more than 20 years. Under both Liberal and Conservative governments the only consistent principle behind our air transport policy seems to have been concern for the interests of Canadian Pacific. The unstated assumption has been that Canadian Pacific has a natural right to as large a share of the air transportation market as can be given to it, at Air Canada's expense, without placing Air Canada in an over-all deficit position.

Canadian Pacific became an international airline because of the decision of a Liberal government in 1948. That decision, which reversed Mackenzie King's policy of keeping international air routes in public hands, was announced a few days after Parliament had adjourned—and nothing seems to have changed since then—so that the government could avoid parliamentary criticism of its actions. In his comparative study of the relations between governments and airlines David Corbett, an Australian political scientist, notes that this decision "marked the declining influence of Mackenzie King in the Liberal cabinet as his retirement approached in 1948, and

the rising power of the friends of the businessman in the Liberal Party". That power continued to rise in the following years and Canadian Pacific was permitted to extend its routes from the Pacific to Europe and Latin America. Canadian Pacific became a transcontinental airline as a result of a decision made and announced by the Conservative government during the 1958 election campaign.

Mr. Lambert (Edmonton West): Thank goodness it was.

Mr. Saltsman: Well, now you will be paying an extra 5 per cent. The hon. member for Edmonton West (Mr. Lambert) is arguing against the necessity of imposing a 5 per cent increase to defray the cost of airports. We could have had this as profit from Air Canada had we not introduced unnecessary competition.

Mr. Lambert (Edmonton West): Max, you sit in a comfortable pew.

Mr. Saltsman: Although the decision was arrived at in principle before any study of its economic implications could be made, the government commissioned Mr. Wheatcroft to prepare the first of his famous reports on airline competition in Canada. The hon. member for Prince Edward-Hastings (Mr. Hees), who was then minister of transport, told Mr. Wheatcroft that in his view "The time has come for the introduction of some measure of competition on our transcontinental routes".

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but I must say I am having some difficulty relating his remarks to the bill before the House. As I understand it, the bill is designed to amend the Excise Tax Act. As the hon. member knows, I am prepared in all these matters to give him the benefit of the doubt, but it does seem the remarks he has been delivering go well beyond the scope of this bill and deal with a matter which is quite extraneous to the bill.

• (8:20 p.m.)

Mr. Saltsman: With the greatest respect, Mr. Speaker, I wish to point out that we are opposing the present tax measure. We are suggesting an alternative to the present proposal and we are trying to support our position which is, simply, that if there was one public carrier in Canada, that carrier would be more profitable and this country would be able to save the 5 per cent tax now proposed. I hope, Mr. Speaker, you appreciate my position; I have to outline the way in which I believe this could come about. The Wheatcroft report discovered, however, that exposing the publicly-owned airline to transcontinental competition would wipe out the profits on that service needed to cover the losses on its other domestic services. This situation was not expected to change for several years.

In January, 1959, the minister announced his acceptance of a recommendation by the Air Transport Board that CPA be allowed to operate one daily transcontinental flight. In this curious recommendation the board found that additional transcontinental air services would have a major detrimental effect on existing operations, but overruled its own conclusions on the peculiar grounds that Canadian Pacific's position as an international air carrier needed strengthening. The transcontinental flight was supposed to serve this purpose by connecting its existing international operations.

The inauguration of the CPA service diverted traffic from the publicly-owned airline without increasing the total volume of traffic, and contributed to massive deficits suffered by both airlines over the next few years. In 1960 even the Liberal members of this House voted to condemn the government for unnecessary duplication of domestic transcontinental airline services which denied TCA the opportunity to implement a further reduction in fares. But once they returned to office in 1963 the Liberals reverted to old habits.

Rumours of an impending merger between the two airlines began to circulate as early as 1961. In February, 1964, a Liberal member proposed on the floor of this House that they be merged, with Canadian Pacific holding 50 per cent of the stock in the successor corporation. Considering the relative size of the two airlines at the time, this would have been quite a bargain for CPR shareholders. It is interesting to recall that when the proposal to establish a national airline was first advanced, CPA was offered an opportunity to take part as an equal partner. But it felt the deal was not good enough, and declined to do so. However, once the Canadian people had gone through the agony of building up the airline, the airports and the entire infrastructure required for the operation, CPA became terribly interested. In other words, its attitude

was: let the people of Canada take all the risks and we shall come in for the gravy.

I suggest this type of operation has led to deficits in the operations of our airports—this tendency to let private enterprise take the gravy when it was there to take, while continuing to pick up necessary expenses by using the public purse. In 1965 the Liberal government established spheres of influence for the international services of the two airlines which in effect confined Air Canada to its existing routes in northern Europe and the Caribbean while throwing the rest of the world open to Canadian Pacific. The allocation of the United States market was postponed until after the negotiation of a bilateral agreement with that country, but in 1966 Canadian Pacific was given the route from Vancouver to San Francisco. Whether this was in return for services to the Liberal Party or to the country is not clear from the records.

Also in 1965, Mr. Pickersgill announced that the government would employ a consultant, to advise, and I quote, "whether the growth of domestic main line service would now permit some further degree of competition on that basis and, if so, to recommend a suitable procedure for working out, from time to time, such extensions of service." Mr. Wheatcroft was again hired as the government's consultant, and presented his second report to the minister some time before April 4, 1966. The second Wheatcroft report, unlike the first, has for some reason never been released to the public. According to the *Financial Times* of April 3, 1967, it found that the establishment of competition on the transcontinental route had neither improved the efficiency of the service nor generated additional traffic. The implication is clear that it recommended against further increases in competition and that it has been kept secret for this reason.

Nevertheless, on March 27, 1967, nearly a year after he admitted receiving the report and five days after Parliament adjourned for the Easter recess, Mr. Pickersgill made a statement of policy concerning the transcontinental airline service: Canadian Pacific would be permitted to increase its service immediately to two daily flights and, beginning in 1969, it would be permitted to occupy 25 per cent of the market. On February 5, 1969, it was announced that Canadian Pacific would be permitted to increase its service to five daily flights in each direction. Since Air Canada has only ten flights, this will constitute 33 per cent of the market, rather than 25 per cent. So a series of political decisions has transformed the CPA from a small regional carrier into a major transcontinental and international airline.

Successive governments have deliberately created this situation and justified it with reference to the presumed benefits of competition. If the Liberal government now reverses its stand and eliminates competition by merging the two lines, it will have been party to a scandal unprecedented in our history. In effect, half of the airline owned by the Canadian people will have been turned over to the CPR free of charge, first by gradually allocating routes to Canadian Pacific at Air Canada's expense and then by merging the two on a basis of equality. This can only encourage elements in the business community to make even more outrageous demands. Already an editorial in the *Financial Post* of January 11, 1969, has demanded that the whole air transport industry be handed over to private interests, with the government completely liquidating its ownership of Air Canada.

Mr. Deputy Speaker: Order, please. Again I apologize for interrupting the hon. member, but I must say my doubts are stronger now than they were when I first interrupted him. He really is in the area of air transport policy; it does appear to me that he is well beyond the scope of the bill before us. I have been as generous as I can; indeed, I have probably been too generous. I now invite the hon. member to bring his present line of argument to a close, bearing in mind that the rule of relevancy, though often difficult to apply, requires that debate relate directly to what is before the House. At the moment, it is an amendment to the Excise Tax Act which is before use. As I review the explanatory notes, I must say I have difficulty in reconciling the hon. member's argument with the contents of the bill.

Mr. Saltsman: Thank you, Mr. Speaker. I have a few more words which will conclude this portion of my argument. However, I wish to assure Your Honour that when a tax is brought in which will affect every passenger who uses the airline service, it must be considered part of air transportation policy. Although it may in this case fall under the direct responsibility of the Minister of Finance (Mr. Benson), it will have an effect on transportation policy and this is why I

have discussed it in a somewhat wider context than usual.

I conclude with these remarks: We in this party will do our utmost to ensure that the Canadian people are not deprived of their national airline through a series of cynical bargains with private interests. We will demand that Air Canada shall not be deprived of the opportunity to prosper and expand while making low-cost transportation available to its real owners, the people of this country. We will resist any fallacious argument which claims that the transfer of this great public resource to private interests is either necessary or desirable. Most of the world's great airlines, outside of the United States, are in public hands. With the support to which they are entitled from their respective governments they can meet the challenge of the supersonic era.

We in this country have suffered too much at the hands of innefficient private enterprise. We have an airline of which we can be enormously proud. Despite all the roadblocks which have been put in the way of Air Canada, it is still one of the great airlines of the world. We in this party cannot see our way clear to vote for this obvious camouflage, this 5 per cent surtax, to cover up the consequences of the inefficient stupidity of the policy followed by the government in connection with air transportation in this country.

• (8:30 p.m.)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I shall be very brief, because as all other members, I should like us to proceed as quickly as possible to the consideration of other government bills, because we have a very full legislative program.

Bill C-155 is no more no less than the levying of a new tax on air travel.

The minister will have, I believe, the opportunity to tell us how much that new tax will bring in and how the government will use the millions thus collected.

I would like to draw the attention of the Minister to the following text: Air travel is the mode of transportation used more and more by businessmen. It is a fast and therefore should be used not only by the inhabitants of big cities, but also by those of the areas that the governments are trying to develop.

Yet, in the region I have the honour to represent, there are problems concerning landing strips and if I were sure that the amounts the government intends to get through this new tax would be used to enlarge landing strips at municipal airports, it would not be so bad. It would still be a tax, but at least one would know that it would be used to improve difficult situations.

In my opinion the government should answer these questions because as it has examined all aspects of this problem, it should certainly be able to do so.

Nevertheless, the most practical solution is that suggested by the Ralliement créditiste members who always use the same hammer to drive in the same nail. The harder and longer it is, the harder they must strike. If the government thinks that a new tax would be the ideal solution, I repeat that consumers will have less money in their pockets. There will be charges which will very often be added to production costs. So the consumers of goods and services will again have to pay the total cost.

I know that the government needs money for its projects, a few of which though under way are temporarily stopped due to lack of funds. In my opinion it would be to the advantage of the government to study once more the possibility of using the Bank of Canada for this purpose.

This tax revenue the government obtains from consumers originated somewhere, so could not the government discover that new money can also exist in the form of services, instead of debts.

That is why I urge the sponsor of the bill to seriously consider our suggestion. Unless very specific replies as to the use of these funds are forthcoming, I must necessarily oppose this new tax because it is the taxpayers who will be paying the piper, and they are all already complaining about not having enough money.

[*English*]

Mr. A. D. Hales (Wellington): Mr. Speaker, we have before us an amendment to the Excise Tax Act to authorize an air transportation tax of two kinds, one consisting of a 5 per cent *ad valorem* tax for transportation to areas spelled out in the bill—including Canada, the United States, except Hawaii, and St. Pierre and Miquelon—and another tax applied on a straight per capita basis on travel to all offshore areas.

I think the introduction of an amendment of this kind demands that the minister supply the House with justification for imposing such

a tax. In this regard I think we in the House are becoming very slipshod. The government states that money must be collected for this, that or the other purpose without justifying the need. I think the members of this House should be told why the imposition of this tax is necessary.

The minister has not revealed the amount of money that is required to be raised, or to what use the money is to be put. I should like to know whether the money will be deposited in the consolidated revenue fund, or into a special trust fund created for the specific purpose of providing funds to meet the cost of construction and maintenance of airports. I would be remiss if I did not remind the House that when the Conservatives were in office several airports were built. For example, we had to meet the bill for four airports, Dorval, Malton, Winnipeg and Edmonton, all beautiful, large airports which were constructed without the necessity of imposing a tax of this kind on the taxpayers of Canada. We on this side of the House support the principle that he who uses should pay. In other words, those who use the airports should pay for their construction and maintenance. I do not think those Canadians who live in isolated parts of Canada and who seldom use airport facilities should be expected to pay for these facilities.

If the principle of taxing those who use the airports is a correct one, how will it be applied? According to this amendment, 5 per cent will be added to the cost of an air ticket. The hon. member for Edmonton West (Mr. Lambert) pointed out that a person who travelled return from, say, Toronto to Ottawa would pay a tax of $2.10, which is 5 per cent of the air fare, whereas a person travelling from Toronto to Vancouver, taxed on the same basis, would pay five or six times as much.

Let us just analyse this situation. A person travelling between two airports, regardless of the length of his journey, occupies the same number of square feet at the airport terminal, uses the same parking space area and requires the same checking facilities and rest rooms, use of restaurant, and so on, as a person who travels the short distance from Ottawa to Toronto. So I think it would be a much fairer assessment if it were on a per head basis across the board. Everybody would then pay the same. The arguments I have put forth for this proposition are, I think, sound and reasonable. The United States have imposed a 5 per cent transportation charge, and they are not satisfied with it; there is great political pressure to have it changed. One of the greatest arguments against it is put in the form of a question. They ask: Why should the long-haul passenger be subsidizing the short-haul passenger?

• (8:40 p.m.)

When the time comes to revise air transportation rates, people will sit down around the table and discuss the situation. They will realize that a passenger on a short trip will be paying only $2.10 in tax. One can visualize their coming to the conclusion that the rate can be increased, but not to the long-distance passenger. I am trying to visualize what might happen when the time comes to make adjustments in the rates.

Nothing was said about whether this tax would apply to air freight or express. Perhaps the minister did say something about that, but I did not hear him. It is apparently left to the Governor in Council, or the cabinet, in respect of overseas charges; they will decide whether the tax is to be $2 or $5. Surely it would be better for us to know now what the rates will be. Let us establish them now so that we are not buying a pig in a bag, as it were. Those are some of the points that come to my mind. I hope there will be a free-wheeling discussion during the debate on this subject and that all hon. members will have a chance to take part in it.

Let me quote from the *Financial Times* of Canada, the November 24 issue, which says in part:

> Transport department officials suggest the tax would bring in $20 million in new revenue to the government.

That is a lot of money. At this moment I think we might ask whether, with the invention of the short take-off aircraft which has proven capable of taking off in a fraction of the distance now required, this extra revenue will be needed to cover the cost, or will it more than cover it? We should keep this in mind. The article continues:

> This tax would increase income at all airports by almost 50 per cent (currently it is $42 million annually). Conversely, it would make a reasonable dent in the operating losses of the airports. The national accounts figure for 1968-69 placed these at about $58 million.
>
> But apart from doing nothing to cut into the "substantial" expense of maintaining air services—air traffic control and telecommunications networks are two examples—the point about how the money would be used still lingers.

That bears out what I was saying when I commenced my remarks. The House should be supplied with more detail as to why this tax is necessary. It is all right for us to say we need more money, but how will we get it? We are going to again tax the poor taxpayer. Let us put a priority on the taxes we intend to thrust on the taxpayer Is this a priority tax? To conclude my remarks I should like to repeat what I said at the beginning. We need more information about amendments to the Excice Tax Act before we can intelligently vote one way or the other.

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I should like to speak very briefly on this bill. I do so because it is an inequitable and discriminatory measure which should not pass in its present form. The hon. member for Wellington (Mr. Hales) and the hon. member for Edmonton West (Mr. Lambert) pointed out, and most of us agree, that if the money required to operate our airports, derived from fees charged and other revenue obtained from the operation, is not sufficient to meet the cost, it would be more equitable to meet the cost by charging the people who use the airports—in other words, the passengers—than by assessing that cost to the general population and taking it out of the consolidated revenue fund.

As far as a tax is concerned, I think most people would agree that this is the equitable way of paying whatever costs are incurred. However, as was pointed out by the hon. member for Wellington, we do not know how much money is required to meet these costs. We do not know whether the tax proposed will just cover the extra cost, or whether it will bring a greater amount of revenue into the consolidated revenue fund. Before the measure is passed we should have before us the estimates of the Department of Transport and the Department of Finance in respect of what this tax will be used for, and where it is going if it is in excess of the amount really required to meet those airport expenses now borne by the federal government.

The person who travels from Ottawa to Montreal and makes use of those two airports is in exactly the same position, as far as the use of the airport is concerned, as the person who travels from Vancouver to Montreal. I see no reason why the person who travels from Vancouver to Montreal should pay several times as much in the form of taxes for the use he makes of those airports than the person who travels from Ottawa to Montreal.

The tax is discriminatory of people in outlying areas of this country who fly considerable distances to get to the seat of government or the two major cities in this part of the country. A number of people from the east and from the west have to come to Toronto and Montreal for business reasons. This tax is particularly discriminatory so far as people in the city of Calgary are concerned. That city generates a very large amount of air traffic, much larger than the per capita figure for any other city in Canada. Calgarians travel a great distance to Ottawa, Montreal, Toronto and various places in the United States in connection with the oil business. Therefore, this tax will be particularly burdensome to the citizens of that city. If it is necessary to impose a tax in order to meet airport costs, it should be imposed on a per capita basis; it should not be imposed as is proposed, that is, as a percentage of the total fare. This proposal will result in people living in outlying sections of the country paying more taxes. Let me remind hon. members of the regional development schemes the government proposes for those areas now being discriminated against because of economic and geographical conditions. The proposal before us will impose a further burden on these people. It is a burden they should not be asked to bear. Therefore, I hope this legislation will be modified so that whatever taxes are imposed will be imposed on a straight per capita airport basis, rather than as a percentage of total fare.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, perhaps there is no need for my saying anything because most of the points that have been raised—

Some hon. Members: Hear, hear.

Mr. Lundrigan: —have been covered adequately by my eminent colleagues. Looking back at those remarks one sees that several opinions have been expressed in respect of the principle of this type of taxation. Several hon. members have expressed agreement with the proposal, but I have not been convinced.

I want to emphasize one point mentioned by the hon. member for Calgary Centre (Mr. Harkness). It appears to me that this tax will certainly have an adverse effect on people coming from places which are far from the centre of Canada which most people consider to be the Toronto-Montreal complex. People coming from the Atlantic region, for example—if I may be a little parochial—will certainly be overtaxed as a result of the proposed legislation. I cannot stand here with

a clear conscience and support a tax which will discriminate against people from my part of Canada. If I were living in Hull, I would agree with this new tax because I would not have to do any flying. But I have to do a fair amount of flying between Gander and St. John's, Newfoundland, and there are in this position hundreds of small businessmen who are trying to make ends meet and who will perhaps go under when the white paper on taxation is enacted into legislation. When this piece of legislation becomes effective they will certainly go under.

• (8:50 p.m.)

Before I can agree to the proposed tax I would like to know what the money will be used for. This is not a complicated question and it is one to which all Canadians want an answer. I have heard that the government plans to spend $6 million in Ste. Scholastique. It plans to renovate the Vancouver Airport facilities to the tune of some $30 million, and I understand a controversy is shaping up, enhanced by the Minister of Transport (Mr. Jamieson), over airport facilities in the Toronto area. If that is what the money will be collected for, and the government has made these commitments, I as a Canadian taxpayer, my 70,000 constituents and 22 million Canadians would like to know if in fact they are the plans of the government.

Last year I was pressuring a friend of the Premier of Newfoundland, The Minister of Transport, for action on the facilities at the International Airport at Gander. We are entering an era wherein 8,900-foot runways are no longer adequate and we need at that airport, as I imagine is needed at most airports in Canada, an extension of the runway facilities to accommodate larger and faster aircraft which need 11,000-foot runways. If these are the sort of things for which this money will be used, then I might change my attitude.

Another question which I would like to raise is the following: We are talking about efficiency. I have been in the House of Commons only a few months and every day I have been hearing about government efficiency. Today I learned that a $400,000 investment of Canadian taxpayers is going into refurnishing the new Department of Communications.

Mr. Speaker: Order, please. I take the liberty to remind the hon. member that the rule of relevancy has to be taken into account. The hon. member is straying very far from the principle of the bill and I ask him to return to the subject matter of the bill before the house. Most certainly if the hon. member is allowed to adopt the line of thinking and argument which he is putting forth to the House at present, other hon. members will want the same privilege, to which they would be entitled. We would then be discussing everything under the sun except what is before the House. I invite the hon. member to keep that in mind.

Some hon. Members: Hear, hear.

Mr. Lundrigan: Mr. Speaker, I do not understand why members of the NDP are applauding your decision. This is hardly understandable after listening to their speeches. I wanted to establish a point, and not being one of the learned group of lawyers perhaps I am not stating my premises very clearly. I have been trying to establish a connection between efficiency and the government, and the government's need for more taxes. I am trying to put forward the point of view that if I am to support this tax increase, I would like to see more efficiency in government spending.

Some hon. Members: Hear, hear.

Mr. Lundrigan: A point of concern to many Canadians is that the Canadian people are perhaps among the highest taxed of the free nations of the world, and this additional taxation will have increasing repercussions. Where will the line be drawn? We are now being taxed directly and indirectly, as economists can confirm, in order to finance airports and so the government can provide a service to the Canadian people. Then we turn around and suggest imposing a tax on the Canadian people for the use of a service for which they have already paid. What tax will we impose for the use of post offices? Shall we increase postage from six cents to eight cents? On looking at the bill before us I come to the conclusion that some of the points raised by hon. members have not been taken into consideration. It seems to me that this bill does not reflect a great deal of thought; as a matter of fact, it appears that it was hastily concocted in order to raise a quick buck. This is my impression.

Questions such as the one raised by the hon. member for Calgary Centre and the hon. member for Edmonton West (Mr. Lambert) have not been taken into consideration, nor have questions about the effect on a person who uses airport facilities three or four times

a week or six or seven times a month, such as the small businessman who makes $8,000 or $10,000 a year and is forced to frequently use these facilities in order to carry on his business. What happens to the man who has to spend a significant proportion of his expense account money on which he will not be able to claim a tax rebate after 1971?

What will happen to air freight? This is a significant question. In Newfoundland we depend to a large extent on freight coming in by air in order to take care of the needs of our people. We bring in products from Ontario and Quebec by air. Are we to be further taxed? What about people who live in places such as Vancouver, the far north and some places in Newfoundland: they will pay a proportionately higher rate relative to their earnings, in comparison with people in other parts of Canada.

What about the per capita increase? If we are going to increase taxes, let us apply the increase equally to all Canadians. What about the users of private aircraft: are they going to have to pay taxes for the use of airport facilities? I am referring to the numerous small companies which operate private businesses with small aircraft. I do not see any reference to these people in the bill before us. What about the administrative costs of administering the $20 million which will be collected? I hope I am not again guilty of skirting the issue, but it seems to me that the administrative cost of such a tax, or of a capital gains tax, is such that the ultimate revenue derived will be negligible.

I will not continue my remarks because I know other hon. members would like to speak. I should like to hear Liberal members, NDP members and other Conservative members who come from other parts of Canada raise questions about the implications of this tax in respect of the people they represent. If the government is in a financial mess, let us face facts and collect taxes directly; let us not impose a tax on a tax, the administrative costs of which would render the ultimate results negligible.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to make a few comments about this tax as it affects the northern sections of our country. In the years since I came to Ottawa I have come to realize that so far as this government is concerned the development of the north is something to forget about.

• (9:00 p.m.)

Ever since the Liberal government took office back in 1963 it has tended to discourage the development of the north. I say this tax is in keeping with that theme. We had a roads to resources program instituted by a Conservative government. It held out a good deal of hope to the people of the north that they might finally have some of the ordinary amenities that Canadians in other parts of the country enjoy. When the Liberals assumed office, they discontinued that program. Many of the people in the north live in isolated villages scattered many miles apart. Often their only means of communication with the southern regions of the country is by air, and in most cases by chartered air service. As you know, Mr. Speaker, chartered air service costs two or three times, and maybe four times as much as the use of commercial aircraft, but people in northern Alberta, as well as those in the Northwest Territories and the Yukon frequently must use chartered air services because there is nothing else available to them.

A man travelling from Fort Chipewyan to Fort McMurray has the choice of going by dog-team in wintertime, by boat in summertime or by using chartered air service. The first two methods of travel are highly unacceptable. We are here being asked to place a tax burden on people already greatly burdened through having to use chartered aircraft. The minister should pay special attention to this problem. It is a great problem for people who live in the north. I believe he should make an exception in their case, or possibly should forget about this proposed tax so far as people who use chartered aircraft are concerned.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I was not going to say very much, but I am compelled to do so by the eloquence of the hon. member for Gander-Twillingate (Mr. Lundrigan) who said that other people should get up and voice their views. I waited for members on the other side of the House to speak, but the only remark I heard was an outburst from the hon. member for High Park (Mr. Deakon), who, rather rudely in my opinion, wanted to know how many people travelled into the north country.

Travel into the north is primarily by air. I have been flying into the north, into the Northwest Territories and places like Yellowknife, for 35 or 40 years. The north now has something in the way of airports, but in many

areas they are not the facilities they are elsewhere. The cost of flying from Yellowknife to Edmonton is rather substantial. Some people who spend most of the year in the north, to use the vernacular come out one or twice a year. They use in a very limited way the very rudimentary type of airport available, yet now they will be asked to pay a substantial tax, some 5 per cent, on the fare from Yellowknife to Edmonton, This is a very substantial amount of money. It well illustrates the attitude of the Liberal party toward northern development.

We must also bear in mind that the normal means of transportation are changing through evolution and through the means which the railway companies are using. This point is quite relevant. It is notorious—and we can take parliamentary notice of this fact—that applications are being made to the appropriate board to discontinue a great many rail passenger services. It is my guess that within the next five to ten years a very large percentage of the passengers now carried by rail over great distances in this country will be travelling by air. Therefore this question involves, not the situation as it is today but the situation as it may be some years from now and the tax, the incidence of which is being initiated by this legislation, may be very considerable. I do not know what amount is involved now. I think I saw a press release that it was something in the order of $20 million. It is my guess that in the next few years it will be $40 million or $50 million, and it will fall with unreasonable severity on people who should not be paying it.

The Liberal Party has always been the party of taxation—tax and tax, and spend and spend. Now they are a little conscious of it. They have been spending so much in recent years and now, ostensibly, there appears to be some drawing back. I think it is absolutely unconscionable to impose a tax of this kind. The basis of any taxation system should be equitable distribution of the tax burden. A tax should fall mainly upon the people using the services which are being provided. Take the example of another means of transportation, the automobile. We all know there is a once-a-year tax imposed in the licensing of the automobile and thereafter the taxation comes from the imposition of gasoline taxes, on the fuel which powers the automobile. It is quite obvious from that, that to the extent to which you use your automobile you pay tax. If you use an automobile to drive 20,000 miles in a year, the taxation you pay through the purchase of gasoline will be based upon that use. I think exactly the same principle should apply with regard to this tax; its incidence should fall on those who make most use of the facilities at our airports. But that will not be the case.

Literally tens of thousands of people in this country are in the process of substituting, or have already substituted, air travel for travel by train. They will be travelling across the country maybe once or twice a year, and their rate of taxation on a flight, say, from Vancouver to Toronto and return, twice a year, would be infinitely greater than that of a person who is in and out of Toronto maybe once a week or once every two weeks. I think that is not equitable. I would suggest the Great White Father of the taxation field, who was here a little while ago, the Minister of Finance (Mr. Benson)—

An hon. Member: The thirty-bucks boy.

Mr. Baldwin: I hate to use rude terms like thirty-bucks boy, and in the sense that I would want to use such a term it would be unparliamentary; therefore, I will content myself with just thinking of it. In the result, I think the government should take a good, hard look at this proposed tax. When the committee stage is reached we propose to take steps with regard to the clauses to which we object. I hope that by that time the government will have reviewed its policy on this matter, because it is not a fair tax. I think it is completely wrong and I hope the government will review it.

• (9:10 p.m.)

Certainly we all know taxation is like death. There is a certain inevitability about it, an inevitability which under this government is being compounded.

An hon. Member: It creeps up on you.

Mr. Baldwin: I do not like to use the word "creeps" which my hon. friend has used; it may be taken out of context. Finally, Mr. Speaker, as I intend to point out when we get into a clause by clause study, there are some rather peculiar clauses in this bill. I am not going to debate them now; I just want to refer to them so that my friends can express themselves when we get into committee. Clause 14 (1) gives to somebody—I do not

know who, but presumably the government—an inordinate amount of power, stating:

14(1) Where an amount is paid or payable outside Canada for the transportation of a person by air

...

(c) by any other arrangement with a person outside Canada for the benefit or convenience of a person in Canada

Mr. Speaker, that is a very wide, very woolly, very loose clause and the minister might have a look at it when we get to the committee stage. He might well attempt to interpret and explain it, and that is why I am raising it now. As I see it, if I were to travel from Ottawa to New York and then ask someone there to reserve for me a ticket from New York to San Francisco, even though I had paid the tax on my Ottawa-New York ticket it would seem, within the meaning of clause 14, that at the whim of the government I might also be called upon to pay 5 per cent tax on the ticket for the New York-San Francisco and return trip. I think this is a too far-reaching power to trust to any government, and certainly this government.

Mr. Speaker, I would also ask the minister to look at clause 18. We are quite anxious to facilitate the passage of this legislation, tailored to what we think it should be when the changes are made. Clause 18 (d) provides:

The Governor in Council may by regulation ...

(d) determine for the purposes of this Part when transportation begins or ends

(i) at a point in Canada

And so on. This seems to be a rather wide power to give to any government, much less this rather extraordinary government. I hope that the minister will have looked at this question by the time we come to that clause.

Mr. F. J. Bigg (Pembina): Mr. Speaker, as usual I do not stand and merely criticize for the sake of criticizing. I have a positive suggestion to make in this regard. I am afraid this is a rather hasty piece of legislation because of the number of suggestions already made, and because the terms of reference have not been laid down to the satisfaction of members. I should like to make some suggestions on ways to raise revenue as an alternative to this measure.

In the first place, Mr. Speaker, when we are building airports I think we should cut down the excessive waste of the taxpayers' money on such frills as modern sculpture. Yesterday in Vancouver Airport I saw three yellow slabs of metal and I did not know what they were. I thought they were snow-scrapers until somebody told me that it was a piece of modern architecture or sculpture. It cost the people of Canada $150,000—$150,000 for three flat slabs of metal!

Mr. Crouse: Explain.

Mr. Bigg: In Edmonton Airport there are two paintings on the wall. I am not sure of the figures, maybe they are exaggerated, but the story I heard was that these two so-called paintings cost the taxpayers of Canada $26,000. One is a semi-circular piece of wallboard on which somebody has stuck some old burlap. They pasted it on, because there are lumps of paste, ordinary flour and water, as big as your thumb; and three colours, yellow, red and black. I do not know whether that is called art or not. It is not a painting; it is not even decorative. There is another one, blue, white and black, somewhat the size of the end of this building. It is supposed to be another painting. Although I am an art lover and have dabbled a little with paint, I do not think this is an area in which the taxpayers' money should be spent, nor do I think that we should come to them afterwards saying that we want to add 5 per cent to the air fare in order to decorate—and I put that word in italics—the airports of Canada with such poor items of art.

The next question is how to raise the money, as an alternative to this new tax. I would suggest that every airport in Canada might have reasonable entertainment for people held up anywhere from one to twelve hours waiting for airplanes. Why not theatres, slot TV, proper restaurants? It is true that some Canadian airports have good restaurants, but in most of them the eating facilities are precambrian; I think that is the best description. One would fare better by taking along a lunch-box. Generally speaking, the eating facilities in our airports are a disgrace. Why not put in decent theatres, slot machine TV and restaurants? If we had proper facilities at the airports I am quite sure they would make money.

The ground transportation situation at Canadian airports is a standing joke. In bad weather it takes longer to get to Ottawa Airport from downtown than it does to get from the airport to Toronto. Surely with a little co-operation at the three levels of government the capital of Canada could produce one decent road. I know I would not mind paying a considerable sum of money in order to have rapid and comfortable transportation between here and Ottawa Airport. It is something we

need, something we are willing to pay for, and the taxpayers' money and my money would be spent in a good cause.

In many cases the ground transportation at airports is a disgrace. I wonder how many people here have complained about having to walk more than a mile at Dorval Airport in Montreal. There are no proper facilities for porters or even hand-carriers to take the luggage. I have seen elderly women lugging great suitcases for a mile, on foot. In little countries like Holland and Belgium the luggage is taken from one plane or train to another for the passenger, without charge. I think my suggestions might earn millions of dollars over the years, so why not provide decent facilities at the airports and in and out of the airports?

A lot of money could be raised by improving the international air facilities to and from Canada. During the past six weeks I have received approximately 100 letters from business firms and private individuals all over Alberta requesting that the major airlines serving the United States, Alaska and abroad be allowed to enter the international airport at Edmonton. I was astounded to learn that our great airports refuse this sort of service. In the twentieth century why should we be denied the right to travel to any airport in the world if we are willing to pay the price? The argument as to whether one should pay a per capita charge, as provided in this piece of legislation, or whether it should be as a percentage of the ticket is one I have not resolved myself. I should like to have more information in this regard.

• (9:20 p.m.)

At present the situation appears to me to be most unfair. A traveller flying long distances will have his overhead increased by a considerable percentage as a result of this unfair tax. I think this question might well be looked into. Perhaps a compromise could be worked out. The government may wish to introduce a combination of a percentage of the ticket price plus a toll. Instead of the flat 5 per cent, there might be a toll plus, say, a tax of $2 for the use of the airport. A small percentage could be charged, so that the man travelling long distances would not be paying less, proportionately, than others using the airport. Instead of merely saying, "Let us put a 5 per cent tax on, through which we will raise 'X' dollars," the government ought to be looking for ways to apply a measure like this more equitably. As I say, there might be a toll plus a percentage, in terms of money, of the distance the ticket will take a traveller.

It would be wise if we did not tax too heavily those people from other countries who use Canadian airports. The tourist industry, which is the second largest industry in Canada in terms of net revenue, brings in vital foreign exchange. We want tourists from all over the world to come here, enjoy our mountains and outdoor facilities when on holiday and leave with us their very much needed dollar and sterling currencies with which to balance our payments.

Being interested in the development of the north, I have taken a realistic look at this matter. It would be shortsighted on our part to bring in a tax which would slow down the pace of mineral and oil resource discoveries in newly explored areas of the Northwest Territories and the Arctic islands. It would be particularly shortsighted if the government were to hamper that part of our industry which is racing United States industry in an effort to explore and develop our Arctic coastline in the shortest period of time and with the least possible overhead.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, without doubt Bill C-155 is one of the most inequitable pieces of legislation this government has brought in. I cannot too strongly criticize the government's attitude in bringing forward this bill. Many people in our country want to travel, and this tax will make it more expensive for them to do so. This, therefore, is a wrong tax to bring in at this period in our history. The Standing Committee on Transport and Communications went to Labrador and Newfoundland in September. We found, during the course of our trip, that people in the Schefferville, Wabush and Labrador areas will have to pay exhorbitant air fares if they wish to travel. That being so, for heaven's sake let us stand up and be counted in our opposition to this measure.

Is the government really concerned about this nation? By imposing this sort of tax the government is being most unfair. The bill shows clearly that those who are travelling farthest will have to pay most. Has the government no consideration for those in this country who must live on fixed incomes? By introducing this measure the government has shown, again, that it has no compassion for those who must live on fixed incomes and who may wish to travel overseas or elsewhere. Even those wishing to go by charter flights must pay. I hope the minister will

clarify this point when he sums up. Those who have managed to scrape up enough money to go by charter flight will have to pay this extra cost. Possibly they will not find it in their power to go on those tours we have all been hearing about.

Many of our people wish to travel, but this tax may make it impossible. Clearly, those who travelled to Harrison Hot Springs last week-end were not worried about the 5 per cent tax. They could afford to go. They do not fall into the category of those who are least able to pay higher transportation costs. As I said, many thousands of our people would like to travel, but this new type of tax will add to their expenses in the future and will limit their travelling.

The transportation systems of this country need overhauling and we need a comprehensive transportation policy. Even though we have a Transport Commission and the National Transportation Act on the statute books, the government has adopted a piecemeal approach to transportation, as is evidenced in Bill C-155. If the government were really concerned about providing transportation for the people of this country, it would not have adopted this piecemeal approach. Let us have a complete and comprehensive transportation policy that will allow everyone in this country to travel, and not just those who have affluent positions in our affluent society.

Many applications have been held before the Canadian Transport Commission on the subject of abandonment of railway passenger services. In my opinion the board should not automatically grant such requests. The board should consider over-all transport policy. It seems evident, nevertheless, that the government is not really concerned about introducing such a policy for Canada which will be applicable from the Atlantic to the Pacific.

Now that the "Bullet" is no longer in service in Newfoundland, the people of that area have to rely more on air transport. The government is now asking them to pay an additional 5 per cent for their air tickets if they want to travel by air in Canada or to other parts. It is disgraceful that the government should tell the people of this country that if they want to travel by air they must pay an extra 5 per cent for their air tickets because extra airport facilities are needed. I hope the government will carefully reconsider the 5 per cent tax to be imposed after Bill C-155 has received passage.

Everyone in this country who is not now directly affected by this measure may ultimately be affected by it. Surely the advent of the new jumbo jet will remove the need for this tax. Jumbo jets will be able to carry many people. If members of the government are looking ahead—and it seems that at Harrison Hot Springs they were able only to look ahead and not to examine the present—to 1971, 1972 and 1973, they will see that jumbo jets may provide an answer to this problem. In the meantime, let us all realize that 5 per cent extra on an air ticket is a major item for many people of this country who are still earning less than $30 a week.

Mr. Gray: Mr. Speaker,—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, if the minister speaks now he will close the debate.

• (9:30 p.m.)

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, as is usual in these circumstances, I think hon. members expect me to attempt to respond to at least some of the points that they have made.

The hon. member for Wellington (Mr. Hales) suggested that not enough details had been presented by me with respect to this tax and its purposes. In my opening statement I did attempt to say something about the purpose of the tax. I said and I quote, "As explained by the Minister of Finance at that time",—I was referring to the June 3 budget speech—"the cost of construction and maintenance of air transportation facilities is very high and, in addition to obtaining revenue from user charges at airports, the government has decided that it is advisable to ask Parliament to require individuals who travel by air to pay an amount through what in effect will be a special tax to help defray the costs of providing air transportation facilities".

Perhaps, Mr. Speaker, I might have used the opportunity given to me in the opening of the second reading debate to have said even more. I felt, however, that hon. members would not have wanted me to take the time of the House for this purpose in view of the rather complete explanation of the purpose of the tax given by my colleague, the Minister of Finance (Mr. Benson), when he presented his budget statement on June 3, 1969. Perhaps I might at this point summarize some of the things the Minister of Finance said during the budget statement because I think it will help answer the quite legitimate request of the

hon. member for Wellington for details about the purpose of the tax, the revenues expected and so on.

In the budget statement the Minister of Finance said that a further measure of budgetary significance arises out of a general policy to ask those who benefit directly from a service or facility provided by the government to pay charges more in line with the direct costs involved. Several speakers from the official opposition seemed to accept this principle and support it, although in fairness to them I think I should note that they felt that the tax on flights within North America should be added on a flat rate basis rather than ad valorem. I will attempt to deal with this argument later in my remarks.

The Minister of Finance went on to say there would be a review of user charges and in addition the introduction of some new charges. He said, as reported at page 9420 of *Hansard*:

> In almost all cases this action can be taken under existing legislation. There is one important field, however, where legislation will be required to impose what will in effect be a tax. This relates to air transport.
>
> It is well known that our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large. In the last fiscal year they are estimated at $73 million. The revenue we obtain from user charges, rents, etc. of one kind and another related to airports and air transport facilities is far less—only about $41 million—

The minister went on to say:

> We have decided, however, on one measure which we believe should be enacted by parliament as soon as possible to assist in providing more revenue in this field.

He continued:

> We propose that a charge, tax, be levied on the price of tickets or other charges (such as charter hire) made by air carriers for carrying passengers in or from Canada on trips commencing with a date to be specified in the legislation. We have worked out a tentative plan for such charges which we believe would yield revenues of about $20 million a year.

I assumed most hon. members were familiar with the information provided by the Minister of Finance in his budget statement. I felt they would not have wanted me to repeat them in my opening statement, although I am very happy to do so to help make the record on this debate more complete. The hon. member for Wellington asked where the proceeds of the tax will go. I understand the proceeds will go into the consolidated revenue fund. Generally speaking, the amount raised will be taken into account in determining the amount that the Department of Transport will be spending on air transport facilities.

The hon. member for Edmonton West (Mr. Lambert), accepting as he did the general principle that users of facilities should bear an appropriate proportion of their cost, argued that the tax should be a flat tax rather than an ad valorem tax. It is true that the bill does not attempt to make the amount of tax depend directly or precisely upon the use of an airport or the use of navigational aids. This is something that would be very difficult to do. It should be stressed that this is not a tax simply for the use of an airport or airports. As I understand the proposed tax, it is to help provide revenues to pay for the use, maintenance and expansion of the air transport facilities generally which are provided by the federal Department of Transport.

I gather this would include the facilities of air navigation, air traffic control, meteorological and so on, not simply the use of the airport structure itself. If I am correct in this, it seems that some of the arguments put forward by hon. members who have spoken to the effect that the tax is not fair because there are some people who will use an airport once and others will use it three times, are not as valid as they would be if the tax were to be used solely for bearing the cost of maintaining the airport structure itself, something which I am informed is not the case. The tax in effect is imposed on the amount paid for transportation. This is basically analogous to the manner in which sales taxes and excise taxes are imposed. As I said in my opening remarks, this is a tax upon consumption. In other words, as I understand the sales tax it is basically a percentage of the price of the goods purchased.

An hon. Member: Don't you know?

Mr. Gray: I believe the hon. member for Peace River (Mr. Baldwin) suggested that what is done by somebody travelling by car is quite different from the proposed tax. He suggested there is a flat amount paid, I suppose for the licence or registration of the car, and there is another tax paid which is linked with the amount of gasoline that the person uses to travel about in his car. He suggested the proposed excise tax is something different. Perhaps I am wrong in this, but it seems basically that it is quite similar.

If a person travels from Vancouver to Ottawa he uses more gas; it costs him more money since he pays a greater amount of tax

on that gas. This seems to be analogous to what is involved in somebody travelling from Vancouver to Ottawa by airplane rather than by car. It costs more than travelling by airplane from Toronto to Ottawa and therefore the tax to that equivalent extent would be greater, just as it costs more by way of tax on gasoline to travel by car between Vancouver and Ottawa than to travel by car between Toronto and Ottawa.

Although I thought the hon. member was putting forward an interesting argument, I felt, and perhaps I am incorrect, that it tended to support the argument for an ad valorem tax rather than the argument against it. If a flat tax were imposed upon every trip by air within Canada and to points in North America, the amount of such tax would probably have to be $5. This would result in a tax equal to about half the fare for persons flying on short trips such as from Fredericton to Saint John, New Brunswick or from Vancouver to Victoria. Some people would end up paying a 50 per cent tax if the proposal put forward by some hon. members of the official opposition were accepted rather than the 5 per cent ad valorem tax proposed by the government.

Hon. members should note it is likely that a flat tax per trip within the taxation area as defined in the bill before us would create many complications. For example, if the tax were imposed on each trip, it would apply on both legs of a return trip ticket. It would be very difficult and probably impossible to fairly define a return trip ticket. For example, would a trip from Ottawa to Winnipeg and back from Winnipeg to Ottawa via Toronto be a round trip ticket? Would it be a round trip ticket if the passenger came back from Winnipeg to Montreal instead of to Ottawa?

• (9:40 p.m.)

If the tax applied to each purchase of a ticket, passengers would include in one purchase all the transportation they might require for a couple of months and then transfer the unused portions. This would add seriously to the cost for the airlines and to the cost of auditing.

If there were to be a flat rate tax imposed on each trip, I presume hon. members would be arguing for a tax which would be in the form of a departure tax collected each time a passenger boarded an aircraft. I suggest such a tax would greatly add to the paperwork at airports and would seriously slow down the flow of passengers through terminals. As the hon. member for Pembina (Mr. Bigg) remarked, delays at airports due to congestion, and so on, are already serious enough and the imposition of a departure tax would certainly add to the congestion—it would become even worse as the jumbo jets embarked even larger numbers of passengers all at the same time.

A flat departure tax would contain a number of elements of unfairness. For example, if there were such a tax, a passenger flying from Toronto to Vancouver who is unable to get a through flight but who has to stop at Winnipeg and Edmonton uses four airports and logically, I suppose, could pay four departure taxes. But why should he pay more tax than the person who flies directly from Toronto to Vancouver? Then again, a tax payable every time an airport was used would cause passengers to seek a through service and thus might help one airline at the expense of another.

There are other points which should be noted. One argument against the advisability of a flat rate tax of the type proposed by the hon. member is that to produce the same total revenue there would certainly have to be a substantial increase in the tax on short distance travel, and this might have the effect of distorting the demand for short distance air travel in a way which would create competitive problems vis-à-vis other modes of transport.

I have already suggested that this tax is intended to yield revenue to provide services for air travellers, services which are not confined to landing and take-off. Indeed, aircraft have access to a much more comprehensive range of services which are used throughout the flight, from the point of take-off to the point of landing.

I might point out, also, that the United States already imposes a 5 per cent ad valorem tax. As I said in my opening remarks, taxes in connection with air travel have international ramifications. Our major airlines in Canada, Air Canada, Canadian Pacific and so on, are international carriers and are already geared administratively to collecting the United States ad valorem tax.

The hon. member for Edmonton West (Mr. Lambert) suggested that this tax would place an unfair burden on the airlines when it came to collect them. The system proposed is generally that which is used at the present time for the collection of sales tax, a similar form of tax, and our major carriers are already collecting such a tax at the present

time on flights in the United States which attract the United States ad valorem tax.

The hon. member for Waterloo (Mr. Saltsman) began by saying that the proposed tax is not businesslike and that it represents, in effect, a subsidy to business. However, the hon. member for Edmonton West said the tax would impose an unfair burden on business. Well, both these hon. gentlemen cannot be right. It would appear that as usual the proposal of the government strikes a fair balance between these two extremes in a way which is not adverse to the interest of any segment of Canadian society.

One or two hon. members referred to the impact of this tax on charter flights and suggested it would make things difficult for people who had saved up for many years to take such flights. I would point out that most of the charter flights of which I am aware go to overseas points and, as I indicated earlier, flights to overseas points would attract not an ad valorem tax but a flat tax which, if applicable, would be calculated on the basis of the number of seats in the aircraft. I believe I mentioned that the flat tax would initially be at the rate of $5 for each ticket sold, with authority being given to the Governor in Council, if Parliament agrees, to reduce this to a lower amount. The reason Parliament is being asked to give the Governor in Council authority to reduce the tax is that at the present time the United States does not impose a tax on overseas flights although there is a bill pending before Congress which would not only increase the ad valorem tax from 5 per cent to 8 per cent but would create a flat tax on overseas flights in an amount of approximately $3.

Obviously, if the United States Congress passes a bill along the lines I have outlined it will be necessary for Canada to make appropriate adjustments in the tax on overseas flights from Canada, otherwise passengers will be encouraged to purchase tickets in the United States rather than in Canada.

I return to some of the remarks made by the hon. member for Waterloo in case there is some misunderstanding on this point. Contrary to what he has suggested, the proposed tax would not go to pay for the running of Air Canada; the proceeds would be used, rather, for maintaining airports and air transportation facilities and to assist in defraying the cost of there expansion which is presently being carried out by the Department of Transport.

[Mr. Gray.]

While the hon. member made some interesting comments about national airline policy, the question of whether it is desirable to have one, two, or more airlines which are national in scope is not really before us at this time. I might add, however, without passing judgment on what the policy should be, that it is my understanding that since Canadian Pacific is a private firm it does pay taxes to the federal government, probably at the top corporate rate of 50 per cent. So to the extent it makes profits the federal government and the federal taxpayer generally share in them to the extent of 50 per cent. It would seem to me that the growth of air traffic will require the expansion of air transportation facilities no matter how many airlines national in scope we possess. Whether there is one, two or three, the traffic generated will have to be handled.

[*Translation*]

The hon. member for Bellechasse (Mr. Lambert) has asked for information on the revenue this new tax would bring in. As I have mentioned earlier, I believe this will be around $20 million.

The same member has also asked to explain the purpose of this new tax. If we look once again at the budget speech made by the Minister of Finance (Mr. Benson) on Tuesday, June 3, 1969, we find that the minister said, and I quote:

> A further measure of budgetary significance arises out of a general policy to ask those who benefit directly from services or facilities provided by the government to pay charges more in line with the direct costs involved.

Speaking about costs, he said, and I quote:

> —our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large.

It is with these aims in mind that I am asking the support of the House to levy this new tax.

The hon. member spoke in a very interesting manner of using the Bank of Canada to grant the necessary credits.

It is indeed on interesting possibility but I suggest that it is not the time, when we are discussing the budgetary resolutions adopted on June 3 to amend the present financial policy. I am sure that we shall have other opportunities to discuss the rather interesting financial policy of the Ralliement créditiste.

• (9:50 p.m.)

[*English*]

Might I also try to clear up a couple of other points raised by hon. members. I thought it was clear from my explanatory remarks—I regret if it was not—that my understanding was that this tax will not be imposed on air freight. Neither will the tax be imposed on charter flights on aircraft with a load less than 18,000 pounds. Other categories of flights are also not subject to the tax, but I will give further details during the committee of the whole stage.

These exceptions will, I think, effectively answer many of the points made by hon. members who expressed concern about the possible impact of the tax on those living in isolated areas. Such exemptions from the impact of the tax will remove many of the fears hon. members seem to have. I would be happy to attempt to answer in greater detail some of the more specific points raised by hon. members, in due course. However, at this time the House might be willing to give its support to the bill on second reading.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

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

The Deputy Chairman: Order. House in committee of the whole on Bill C-155, an act to amend the Excise Tax Act. Shall clause 1 carry?

On clause 1—*Definitions.*

Mr. Lambert (Edmonton West): Mr. Chairman, I think the Minister without Portfolio just made a valiant effort to get this clause carried. However, I would point out that clause 1 of the bill extends to some eight pages and covers something like 12 new sections. In fact, it is really Part II, the operative part in the bill. My suggestion, in the interest of a more orderly discussion of this matter, would be that we discuss the numbered sections of the act, starting with proposed section 8, then section 9, and all the way through to section 19, before ultimately making a decision on clause 1. This will assist, shall I say, the continuity and regularity of our discussion in committee.

I should like to deal with the arguments raised by the minister in his reply on second reading and discuss them with my colleagues when we reach the appropriate place. I hope that this procedure will be followed, and I wonder whether the minister could indicate whether this course is satisfactory to him. I suggest instead of ranging from one end of the clause to the other we take the proposed amendments seriatim. Then when we have dealt with them we will decide on clause 1.

Mr. Gray: Mr. Chairman, perhaps I have misunderstood my hon. friend. Is he referring to clause 2? I think his remarks are actually directed to clause 2.

Mr. Lambert (Edmonton West): No, Mr. Chairman, to clause 1, which introduces a new Part II to the act. I suggest we deal with each proposed new section, starting at 8 and continuing to section 19, and then we will come to a decision on clause 1. I am not suggesting we decide on each proposed section. On that basis may I call it 10 o'clock?

The Deputy Chairman: Order. It being 10 o'clock shall I rise, report progress, and request leave to sit again at the next sitting of the House?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

FEDERAL BUILDINGS—VANCOUVER—NEW PROJECT AND "PROJECT 200"

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, on November 17 I endeavoured to ask a question of the Minister of Public Works (Mr. Laing) which related to federal buildings, and co-operation in the construction of other buildings, in the city of Vancouver. Being unable to ask the question at that time, I had hoped to get some information this evening. Although this question has now been postponed on two occasions at the request of the minister, I fail to see him in his place this evening even though he promised he would definitely be in attendance.

About four years ago the government made extensive plans to co-operate and participate in what is known as Project 200 in the city of Vancouver. It also had plans of its own to

pull down an existing federal building, the old post office, as well as the old Winch building. It is disgraceful, I know, to tear down a "winch" building, but I suppose it had to go.

Nothing has been heard of those plans during the last two years. My understanding was that as far as the new federal building was concerned, it was to be a three-tower project with the preliminary construction starting in 1970, the second stage in 1972 and the final stage in 1974. As I have said, nothing as been heard of the project, of the federal building, or of the government's policy of co-operation in Project 200.

• (10:00 p.m.)

I assume the reason we have not heard anything about it is the austerity program of the government. However, I am asking the question now about the plans for Vancouver because the austerity construction program for Hull and Ottawa seems to have been lifted; it seems to have completely gone by the board. We hear of millions of dollars in new construction to proceed in Hull and Ottawa. That being the case, we should like some information on whether the austerity program has been lifted in Vancouver, whether there are any definite plans to proceed on schedule with the construction of a new federal building for Vancouver, and whether there is any idea of continuing the policy adopted four years ago, that of almost rebuilding downtown Vancouver.

When I first asked this question the other day it was said it could not be answered because I could not ask a specific question about my own constituency. The location of this property is not my own constituency. This area is in the constituency of Vancouver Centre, represented by the hon. Minister of Consumer and Corporate Affairs (Mr. Basford). The situation now is that from Vancouver we have the present Minister of Public Works, the Minister of Consumer and Corporate Affairs, who should be vitally concerned and interested in this matter because it is in his constituency, and the Minister of Fisheries (Mr. Davis) who represents a riding directly across the bay from this downtown development. I sincerely hope that their influence and interest in Vancouver, together with my own, will achieve some result and that the Minister of Public Works can this evening give us definite and specific information in this regard, proving to us that the austerity program has been lifted in Vancouver as well as in Ottawa and Hull and that there is no discrimination.

[Mr. Winch.]

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, I am most happy that my fellow citizen from Vancouver has brought this matter before the House. We find there are in greater Vancouver today some 6,000 federal civil servants. We have been assessing the requirement for them to be in the centre of the city. We have decided that because of the interests of the public in certain departments, about 2,400 would be required to be in the very busy centre core of the city.

We have decided that the balance, including a number in laboratories and the like, could be located in less dense areas where transportation might be better and where the land values are not so high. As my hon. friend knows, that particular area bounded by Granville Street, Hastings Street, Howe Street and Cordova Street contains probably the highest priced land in the city of Vancouver. We are at the present time working on a preliminary study of the requirements for a federal building in Vancouver. I know my friend will be glad to hear that.

At the present time these people are housed in eight old federal buildings in Vancouver, and 21 leased buildings. My hon. friend might agree with me, as most Vancouver members will, that some of the accommodation there is of a type that means the morale and efficiency of civil servants cannot be of the best. We are therefore proceeding as rapidly as possible and I intend to make an announcement fairly soon.

My hon. friend referred to Project 200. Because of the critical area in which we are located, making it necessary to obtain clear access from Granville Street and Howe street, it is our intention to keep everyone apprised of what we are doing co-operatively in respect of proper access levels. We want to be a good landlord within the centre of the city, and therefore have over a period of years had discussions with the mayor, city councillors and planners. The mayor and his councillor have indicated to us that they would prefer us to go on the east side of Granville Street for a variety of reasons which my hon. friend can appreciate. It is our intention to continue these discussions and to co-operate with Vancouver in every respect.

I think this is about all I have to say on the subject at present. We will proceed as rapidly as we can. I want to make the point that not only in Vancouver but in other parts of Canada it is imperative that the national government have a national presence, and I

intend to see what we can do in Vancouver. We intend to construct a building there of such a standard that the national government will have a reasonable and indeed a reasonable-plus presence.

NATIONAL REVENUE—DELAY IN FEDERAL SALES TAX AUDITS OF COMPANIES

Mr. A. D. Hales (Wellington): Mr. Speaker, on November 19, I asked the Minister of National Revenue (Mr. Côté) the following question:

In view of the fact that federal sales auditors have not made annual inspections or audits of many Canadian companies, for up to as long as four or five years, and that in many cases when they do these audits they reassess the companies for thousands of dollars in taxes, what steps is the minister taking to overcome this problem and to make sure that there will be more frequent and regular inspections?

This question was not acceptable at the time, so in the few minutes that are available to me tonight I should like to put forth the following problems. The reason for the question was that I have received several letters from small and large companies which have not had government sales tax auditors on their premises for as long as four or five years. I have had two specific cases brought to my attention, one of a small company which had not seen a federal auditor for four years and seven months, following which they were presented with a bill for $3,419.95 which was due for sales which had been exempted from tax in error. You might say this relates only to small companies, but that is not so. Another very large company, which had not seen a government sales tax auditor for four years, was presented with a bill for $80,000. This amount is not peanuts; it is a very large bill to present to any company, large or small, particularly when they cannot go back and bill their customers. I know the minister will probably say that owing to the austerity program there is not sufficient manpower to make these audits more frequently; but one of these cases occurred three or four years ago, before the austerity program was put into force.

The problem is accentuated by the fact that the department does not send out notices or information to companies in a clear and legible way. They send them out, but do not use plain, ordinary English or plain, ordinary French, whatever the case may be, so that the operators of the companies can understand the regulations and keep their books according to the wishes of the department. I do not think there is any doubt that the inspections should be made more frequently. I realize that the companies are responsible for collecting these taxes, but in many cases there are very difficult decisions to be made, namely is it taxable or is it not.

• (10:10 p.m.)

I know the Department of National Revenue re-organized their whole set up a few years ago. They decentralized. This was in order to give better service. But from talking to my constituents I have found the experience has been that the service is not as good as it used to be.

I do not like to criticize the department without offering some constructive criticism. I think it is high time the government started to collect all tax moneys through one department and had one auditor make the complete audit of a business firm or taxpayer. Why should a man in business have to get out all his books for the sales tax collector, and then a few months or a year afterwards have another inspector arrive from the Income Tax Department and he has to bring out all his books again? The unemployment insurance auditor is the third fellow who comes around, and then we have the Canada Pension Plan auditor coming on the scene as well.

Why could we not have one auditor from the Department of National Revenue to audit all the books on one trip and thus cut down on the cost of the operation? It is very difficult for a man in business to produce invoices that go back four or five years, yet he has to dig up all these invoices. It is a tremendous job and a costly one, and it is only necessary because the government does not conduct audits with the frequency to which a man in business, be he large or small, is entitled.

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, I desire, on behalf of the Minister of National Revenue (Mr. Côté), to give this answer. In reply to the question raised by the hon. member for Wellington (Mr. Hales) concerning the possibility of conducting audits for sales tax purposes more frequently than is now the practice, the following are some of the factors which inhibit any change in our present policy in this area.

At the present time we have some 58,000 persons or firms licensed under the Excise Tax Act and experience has shown that the average time expended in conducting an audit of a licensee's records is 2.15 days. Our staff of operational auditors across Canada numbers approximately 265. Apart from the difficulties of acquiring and training staff

there is the necessity to see that those employed are applying themselves to those accounts which are most complex because of the variety and volume of their output.

The risk to the revenue by reason of faulty application of the law is of course greater than in other more simple operations. On this basis we therefore use the manpower resources available to us to the greatest advantage, for we have programmed our audits on the basis of a two, three and four year cycle depending on the complexity of the operation involved and the past assessment history of the licensee concerned, which we have found to have worked quite well.

Every step, of course, is taken to help the taxpayer. Our auditors meet with new licensees at the earliest moment after they have started in business. This is usually around the sixth month of their operations. They are then assisted in solving any tax problems they have or may foresee. A check is made to see that they are receiving all the published information issued by the department for their guidance, and they are invited to communicate with our officials at any time they might have any questions to ask. With our regional set-up, more expertise is available to them within shorter distances. On the average we conduct the greater part of our audits within 24 to 30 months.

The only way in which we could meet the suggestion of the hon. member as to annual audits be conducted, would be by more than doubling the number of auditors in our work force. This would be contrary to government policy and we are convinced that it would not be justified on a cost-benefit basis as our experience has shown that approximately 54 per cent of the audits conducted result in no assessment whatever. If we were to attempt to conduct audits every year with our present audit staff, I feel certain that the examination would be a hit-and-miss affair and accordingly not very meaningful in the light of established priorities.

I would like to assure the hon. member that we are working continually to improve our audit program in order to provide the best service possible consistent with the limits of our financial and manpower resources. I might further explain that there is no statutory provision requiring us to audit a licensee's record at any stated interval, and by the same token there is no authority in the Excise Tax Act whereby retroactive assessments may be waived. None the less, our continual objective is to keep retroactive assessments at a minimum.

[Mr. Laing.]

VIOLENT DISTURBANCES—MONTREAL—BOMBING AT LOYOLA COLLEGE—INCREASED CO-OPERATION BY R.C.M.P.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, last Friday, November 21, I asked the Acting Prime Minister if he would contact the Mayor of Montreal and the Premier of Quebec to inquire if anything more could be done by the federal government, including the R.C.M.P., to prevent further terrorist bombings in Montreal. My question followed the bombing at Loyola College on Thursday, November 20, when a powerful bomb exploded in a classroom building while 400 evening students were in class.

The same week in Montreal a bomb was placed in the home of the Deputy Mayor of St. Michel. These were only the most recent of a long series of bombings in Montreal. Since I did not get any real commitment for action at that time, I decided to raise the question for debate at the time of adjournment.

While the citizens of Montreal have been seriously concerned for some time, the incident last Thursday gave them new cause for alarm. A few weeks previous to the bombing, Michel Chartrand, a union leader in Montreal, told a public meeting that if Quebec Bill 63 should become law there would be a new wave of violence in Quebec. Bill 63 passed on Thursday evening and the bomb at Loyola exploded the same night. While there may be no connection between the statement by Mr. Chartrand and the bombing at Loyola, the innocent public of Montreal wonder whether there will be more bombs and whether their lives and the lives of their children are in danger. If the students at Loyola last Thursday had been in the corridor when the bomb went off, scores of them would have been killed. Luckily, they were all in their classrooms at the time.

Mr. Speaker, I am not an alarmist, but with many others in Montreal I am beginning to wonder whether we have to wait until innocent people are killed before the efforts of the police forces at all levels are intensified. Even though Mr. Chartrand is not directly connected with the bombing at Loyola, are we to tolerate a society where leaders in the community can make threats of violence with apparent impunity and thereby encourage terrorism? I hope that people who are not satisfied with Bill 63, among other things, in Quebec realize that violence is counter-production and in the long run will destroy everything.

In tonight's *Star* there is an article which says that Lucien Saulnier, the chairman of the executive committee, will be in Ottawa later this week and that one of the subjects he may take up with the federal government is a request for assistance for Montreal police in their battle against terrorism. The article says in part:

A request for assistance for Montreal police in their fight against terrorism in the city could be made in Ottawa later this week by Executive Committee Chairman Lucien Saulnier.

The executive committee is curently reviewing the role of the municipal police in combating terrorist activity. Members are understood to feel that the city police should not have to bear the brunt of the battle and that the city should not have to pick up the entire tab.

Then it states:

The co-operation of the R.C.M.P. and the Quebec Provincial Police with the municipal police in fighting the different groups of terrorists active in the city...is of doubtful benefit in the minds of many senior officers.

Off the record, officers of all three forces will admit that the "co-operation" is far from "total and complete".

Mr. Speaker, without criticizing any one officer, because probably a lot of the men in the police forces are working very hard on this matter, I say without criticism of what has been done that we must intensify our efforts to prevent and deter further bombings and also to discover those persons responsible for the bombings that have already taken place. I hope the government at the federal level will do everything possible to assist the provincial and municipal governments in this task, and I hope I will get a commitment to that effect from the minister and the government.

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, I share, as I am sure all hon. members do, the concern of the hon. member about the bombings and related acts of violence taking place in a wholly abnormal way in the city of Montreal. However, the facts are that the federal police force authority and those responsible for it are co-operating fully with the municipal and provincial police forces. This co-operation is not an academic exercise; it is worked out in a carefully organized way among the police forces having the responsibility for dealing with this matter. Mr. Speaker, I thought I gave that assurance last Friday when the question was asked and I went on to say:

—I want to emphasize very strongly that there is very close working co-operation between the Royal Canadian Mounted Police, the Quebec Provincial Police and the city of Montreal police in these matters, and in this particular instance there is, of course, that kind of co-operation.

• (10:20 p.m.)

I was referring to the Loyola incident. It is quite true that the initial or prime responsibility lies with the local authorities; but in addition to offering co-operation we have offered every assistance possible. I know of no request for any assistance that has not been granted, and I know of no way of bringing additional assistance, at the moment. We will continue to co-operate fully with the respective authorities in trying to deal with this problem and, in addition, give them all the assistance we can. That is the way the matter stands.

As to the report in the newspaper tonight—I assume the hon. member was referring to the Montreal *Star* and not to the Toronto *Star*—I can only say that I have not seen that report and do not wish to comment on it. It was written by a reporter and may or may not be correct in any detail. I shall look at the article and see if anything in it warrants attention, but I would prefer not to comment specifically on it in an offhand way.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, November 26, 1969

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

PRIVILEGES AND ELECTIONS

First report of Standing Committee on Privileges and Elections—Mr. Laflamme.

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

[*English*]

HOUSE OF COMMONS

MEMBERS' ALLOWANCES—CONCURRENCE IN EXTRACT FROM MINUTES OF MEETING OF COMMISSIONERS OF INTERNAL ECONOMY

Hon. Donald S. Macdonald (President of the Privy Council) moved:

That the extract of the minutes of the Commissioners of Internal Economy, laid upon the table by Mr. Speaker on November 21, 1969, concerning allowances for members, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

TELECOMMUNICATIONS—CHANGES IN DESIGN OF SATELLITE

Question No. 10—**Mr. Gilbert:**

1. Have there been any recent design changes for Canada's domestic telecommunications satellite?

2. If so, what are the main changes contemplated and for what reasons?

3. What is the expected new additional costs of the satellite as a result of these changes?

4. What is the total expected cost for the construction of the satellite?

5. If a new design is now required for the domestic satellite, is Telesat considering new contract tenders for the project?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): The Government is unaware of any substantial changes effected or contemplated in the design objectives and criteria laid out by the project office that had the responsibility for Canada's Domestic Telecommunications Satellite until Telesat Canada took over on September 1st, 1969.

AIR CANADA ORDERS FOR AIRPLANES

Question No. 13—**Mr. Skoberg:**

What airplanes does Air Canada presently have on order and/or on a reserved basis?

Hon. Donald C. Jamieson (Minister of Transport): The management of Air Canada advises as follows: Aircraft on order as of November 1, 1969: 8 Douglas DC-8's; 3 Douglas DC-9's; 3 Boeing 747's; 10 Lockheed L-1011's. Aircraft on reserve basis as of November 1, 1969: 9 Lockheed L-1011's; 4 Concorde SST's; and 6 Boeing SST's.

CANADIAN CONSUMER COUNCIL

Question No. 50—**Mrs. MacInnis:**

1. Who are the executive directors of the Canadian Consumer Council and what are their respective annual salaries?

2. Who are the other staff members of the Canadian Consumer Council and what are their respective annual salaries?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. Mr. G. R. Anderson is the present executive director of the Canadian Consumer Council and his salary is $23,000.

2. There are three other staff members of the Canadian Consumer Council: Miss F. Sinclair, Administrative Assistant, $500 per month; Mr. K. D. Rubin, Research Assistant, $550 per month; Miss G. Ulmer, St-4, $436 per month.

COMMUNIST CHINA—STATEMENT BY RCMP COMMISSIONER

Question No. 129—**Mr. Knowles (Winnipeg North Centre):**

1. Does the Government of Canada agree with the statement of RCMP Commissioner William Higgitt that "the presence of a Communist Chinese Embassy in Ottawa will increase espionage activity in Canada"?

Questions

2. What is the policy of the Government of Canada regarding civil servants who express publicly their opposition to or reservations about government policy?

Hon. G. J. McIlraith (Solicitor General): 1. The statement "the presence of a Communist Chinese Embassy in Ottawa will increase espionage activity in Canada" is not a fair or accurate summary of what Commissioner Higgitt stated.

2. Having regard to the reply to Part 1, this question is hypothetical.

ATLANTIC REGION FREIGHT ASSISTANCE

Question No. 135—**Mr. Skoberg:**

1 What specific mechanism has been established within the Department of Transport to ensure that the effects of Bill C-207, the Atlantic Region Freight Assistance Act, are realized and in particular, that the up to thirty percent subsidy on freight emanating in the Atlantic Provinces and destined for other parts of Canada is passed on in the Atlantic Provinces to shippers in the form of reduced freight rates?

2. When is it expected that the joint federal-provincial committee on transport in the Maritimes will complete their report on recommendations for improving existing federal scheme of assistance to Atlantic transportation?

3. Will this report be made public?

Hon. Donald C. Jamieson (Minister of Transport): 1. The Government is relying on competition to be the ultimate mechanism which will enable the benefits of this transportation assistance to be realized by shippers. Increased competition in the area is evident from recent rate reductions announced by Atlantic region trucking operators.

2. It is premature to attempt to set any date for completion of the work of this committee.

3. The decision as to which reports are to be made public will depend on the nature of the material covered and the extent to which confidential sources must be protected.

AIR CANADA PASSENGER FARES

Question No. 139—**Mr. Skoberg:**

1. What action is contemplated by Air Canada in response to the pasenger fare reduction of Alitalia on North Atlantic routes?

2. Is Air Canada contemplating similar action in reducing passenger fares on North Atlantic routes?

Hon. Donald C. Jamieson (Minister of Transport): The Management of Air Canada advises as follows: 1. The Alitalia fare reduction for winter only is one of a number of new individual fares filed with governments for approval. Air Canada proposes to meet any fares of this sort filed and approved by the various governments concerned.

[Mr. Knowles (Winnipeg North Centre).]

2. Air Canada has submitted for approval to government heads its proposals for drastic reductions for bulk and group fares on the North Atlantic.

RHODESIA—NAVY CONTRIBUTION TO ENFORCE SANCTIONS

Question No. 147—**Mr. Nystrom:**

Is Canada prepared to contribute naval forces to the United Nations if it undertakes to enforce sanctions against Rhodesia on the high seas?

Hon. Mitchell Sharp (Secretary of State for External Affairs): A decision by the Security Council of the United Nations would be required to empower a multi-lateral force of member states to enforce sanctions against Rhodesia by naval action. As no such decision has been made the question is hypothetical and the possibility of Canadian naval forces involvement has not arisen.

RHODESIA—VIOLATIONS OF TRADE SANCTIONS

Question No. 148—**Mr. Nystrom:**

1. Is the Government of Canada aware of violations of the trade sanctions against Rhodesia by Portugal and South Africa?

2. If so, has any protest been registered with these governments and in what form?

3. Is consideration being given to (a) implementing unilaterally, or (b) discussing the implementation of trade sanctions against Portugal and South Africa if violations continue?

4. Will Canada (a) initiate or (b) support U.N. action against Portugal and South Africa if violations continue?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Government of Canada is aware that both Portugal and the Republic of South Africa do not abide by the United Nations Security Council resolutions calling for mandatory economic sanctions against Rhodesia.

2. The Canadian attitude toward the refusal of both governments to adhere to the Security Council resolutions has been stated at the United Nations. On October 16, 1969, the Canadian representative on the Fourth Committee said in the course of a statement of Canadian policy on southern Africa: "We call on the Governments of Portugal and South Africa to cease their defiance of the mandatory decisions of the Security Council, and to desist from providing the Smith regime with support."

3. No.

4. While the question of United Nations action against Portugal and the Republic of South Africa for their failure to implement sanctions against Rhodesia has been raised in the United Nations General Assembly, it is for the Security Council to initiate action and take the necessary decisions. In the absence of agreement in the Security Council to do so, it is the Canadian view that United Nations action is not a practical proposition at this time.

ANNUAL SALARY, DAVID GOLDEN

Question No. 180—**Mr. Nystrom:**

1. What is the annual salary of Mr. David Golden, President of Telesat Canada Corporation?

2. What was Mr. Golden's annual salary when he was Deputy Minister of Defence Production?

3. What was Mr. Golden's annual salary when he was President of the Crown company, Northern Ontario Pipeline Corporation?

4. What was Mr. Golden's annual salary when he was Deputy Minister of Industry, Trade and Commerce?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. This is a matter which falls within the powers of the Board of Directors of Telesat Canada.

2. Mr. Golden's annual salary was $20,000.00 in 1962 when he left the position of Deputy Minister of Defence Production.

3. Mr. Golden served as President of Northern Ontario Pipeline Corporation without remuneration.

4. Mr. Golden's annual salary was $25,000.00 in 1964 when he left the position of Deputy Minister of Industry.

PRESIDENT OF TELESAT CANADA

Question No. 182—**Mr. Nystrom:**

1. Is Mr. David Golden the new President of Telesat Canada?

2. Has Mr. Golden divested himself of all financial interests related to the Telesat Corporation?

3. Does Mr. Golden own any shares or have any financial interests in Bell Canada or RCA Victor Co. Ltd.?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Yes.

2. He did not have any at the time of his appointment to the position of President of Telesat Canada.

3. No.

MOTOR VEHICLE PASSIVE RESTRAINT DEVICES

Question No. 208—**Mr. Mather:**

Is consideration being given to requiring motor vehicle manufacturers to equip new vehicles with "air bags" or similar passive restraint devices for protecting occupants in crashes?

Hon. Donald C. Jamieson (Minister of Transport): The possible use of inflatable occupant restraints devices is receiving close consideration. While an "air-bag" restraint system has been developed by at least one manufacturer, the tests on this device installed in vehicles have revealed a number of practical problems that will have to be overcome before "air-bags" could be made mandatory equipment on motor vehicles.

*COMPANY OF YOUNG CANADIANS—EXPENDITURES FOR 1968/1969

Question No. 268—**Mr. Diefenbaker:**

1. What was the total amount of expenditure by the Company of Young Canadians for 1968/1969?

2. Of this amount how much was expenditure for consulting and professional fees?

3. What are the names of the staff members and their respective addresses who receive salaries of (a) $10,000-$15,000 per year (b) over $15,000 per year (c) $20,000 per year?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Company of Young Canadians as follows:

1. The total amount of expenditure by the Company of Young Canadians for 1968-69 was $1,916,774.

2. The amount of the total expenditure for consulting and professional fees was $180,130.

3. The names of staff persons and their respective addresses who receive salaries of (a) $10,000—$15,000 per year: Mrs. Fay A. Beale, 34 Euclid Avenue, Ottawa, Ontario; Mr. Victor Cathers, Box 488, High Prairie, Alberta; Mr. Elbert Deveaux, Box 1237, Sydney, Nova Scotia; Mr. Ian Hamilton, R.R. No. 3, Casselman, Ontario; Mr. Richard Lightbown, 1554 Yonge Street, Toronto, Ontario; Mr. James Littleton, 559 Besserer Street, Ottawa, Ontario; Mr. Pierre Renaud, 980 St-Antoine St., Ste 450, Montreal, Quebec; Mr. Edward Smith, 980 St-Antoine St., Ste 450, Montreal, Quebec; Mr. Orval Strong, 2525 Ontario Street, Vancouver, B.C.; (b) over $15,000 per year: Mr. Claude Vidal, executive director, 672 Wiseman Avenue, Montreal, Quebec; (c) $20,000 per year: Nil.

Questions

[*English*]

ESTABLISHMENT OF FEDERAL-PROVINCIAL COMMITTEE ON ATLANTIC REGION TRANSPORTATION

Question 282—**Mr. Thomas (Moncton):**

1. When was the Federal-Provincial Committee on Atlantic Region Transportation established?

2. How many members were appointed by the federal government?

3. What are the names of the federal appointees?

4. How many members were appointed by each of the four Atlantic Provinces?

5. What are the names of the provincial appointees?

6. Who is the Chairman of the Committee?

7. What are the terms of reference?

8. Have any meetings been held?

9. Have any decisions been made?

10. How often will the Committee meet?

Hon. Donald C. Jamieson (Minister of Transport): 1. September 2, 1969.

2. Two.

3. Dr. George McClure, Director of Programming, Eastern Region, Department of Regional Economic Expansion. Mr. A. C. Weaver, Director Transportation Planning Analysis, Department of Transport.

4. One.

5. Mr. F. J. Kemp, Director of Transportation, Province of Newfoundland. Miss Z. Linkletter, Director of Economics and Development, Department of Trade and Industry, Province of Nova Scotia. Mr. H. A. Nason, Assistant Deputy Minister and Chief Highway Engineer, Province of New Brunswick. Mr. K. MacKenzie, Supervisor of Transportation, Department of Highways, Province of Prince Edward Island.

6. Dr. George McClure.

7. Terms of reference: Detailed examination of the Maritime Freight Rate Assistance on rail traffic within the Region. Review of all subsidized water transport services into or out of the region or wholly within the Region. Recommendation of possible revisions or improvements in the provision of these services. Consideration of possible subsidy on outbound air and waterborne freight from the Region. Examination in detail of economic effects of the outbound assistance under the Maritime Freight Rate Act to determine if a more selective approach might not provide a more effective use of the funds provided by Parliament.

8. Yes.

9. No.

10. As often as needed.

[Mr. Pelletier.]

*NATIONAL ARTS CENTRE COMPANIES AND PERFORMERS

Question No. 291—**Mr. Dinsdale:**

Who decides what companies or individual performers will appear at the National Arts Centre and what is the criteria used to make this selection?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the National Arts Centre as follows: The Programme Committee, chaired by the Director-General and consisting of the Directors of Programming, Music, Theatre, Finance and Operations, decides what performances shall be given at the National Arts Centre. The principal criteria, applied to achieve programme balance in the course of a whole season, are excellence, variety, creativity, due Canadian content and an estimate of costs against box office revenues.

[*English*]

INDIAN WORKERS, SUGAR BEET INDUSTRY

Question No. 293—**Mr. Thomson:**

1. Does the Department of Manpower and Immigration recruit Indian workers for the beet growers in Southern Alberta?

2. Has the Department checked the housing facilities made available to the beet field workers?

3. Has the Department of Indian Affairs and Northern Development taken any action on behalf of the Indians in this matter?

Hon. Donald S. Macdonald (President of the Privy Council): I am informed by the Departments of Manpower and Immigration and Indian Affairs and Northern Development as follows: 1. Yes. The Department of Manpower and Immigration recruits Indian workers for beet growers in Southern Alberta who meet the provincial guidelines for wages, working and living conditions established by the Alberta Agricultural Manpower Committee.

2. No. The housing facilities are checked by a representative of the Alberta Department of Agriculture, following receipt of orders for workers.

3. No, but where complaints are received from the Indian Beet Workers concerning wages or accommodations, the Department of Indian Affairs and Northern Development cooperates with the Alberta Federal Provincial Agricultural Committee and the Department of Manpower and Immigration to arrive at a satisfactory solution.

FISHERIES PRICES SUPPORT BOARD PAYMENTS

Question No. 318—**Mr. Robinson:**

1. How much money was paid to the fishing industry through the Fisheries Prices Support Board in 1968 and 1969 to date?

2. What was the total amount paid in each province by the Fisheries Prices Support Board and how many received support in each province in 1968 and 1969 to date?

Hon. Jack Davis (Minister of Fisheries and Forestry): 1. 1968, $6,641,679.73; 1969 to date, $5,119,634.21.

2.

	Amount Paid	
	1968	1969
Province	$	$
Ontario	751,923.92	720,955.00
N.B. and P.E.I.	466,351.88	241,309.30
Nova Scotia	1,057,299.48	355,103.69
Newfoundland	3,780,292.71	3,024,674.94
Quebec	585,811.74	777,591.28

In Ontario approximately 500 fishermen received support in each year; on the Atlantic Coast, approximately 29,000.

CANADIAN MISSION TO UNITED NATIONS

Question No. 388—**Mr. Howard (Skeena):**

For the fiscal year 1968-69, how much money was spent with respect to the Canadian Mission to the United Nations for (a) rent of premises for the Mission (b) rent of hotel rooms for personnel attached to the Mission or associated with it in any way (c) expense allowances for personnel attached to the Mission or associated with it in any way (d) travelling expenses for personnel attached to the Mission or associated with it in any way (e) telephone, telegrams and office supplies (f) other expenses not listed in parts (a) to (e)?

Hon. Mitchell Sharp (Secretary of State for External Affairs): (a) $154,785; (b) $12,000; (c) $373,613; (d) $6,352; (e) $23,117; (f) $524,128—Total: $1,093,995.

COST OF STE. ANNE-DES-PLAINES PRISON

Question No. 395—**Mr. Lambert (Bellechasse):**

1. What was the construction cost of the prison built by the federal government in Ste. Anne-des-Plaines, Quebec?

2. How many prisoners can it house?

3. What will be the approximate cost of furnishings?

Hon. G. J. McIlraith (Solicitor General): 1. $14,608,000 (note).

2. 450 inmates.

3. $78,457.

Note: This figure includes the costs of a water filtration unit, sewage treatment facilities, sewer lines, roads, administrative and shop buildings, and other facilities designed to serve all institutions planned for the Ste. Anne-des-Plaines complex.

PROPOSALS TO ATLANTIC DEVELOPMENT BOARD

Question No. 398—**Mr. Coates:**

1. Have all proposals submitted to the Atlantic Development Board been acted upon and, if not, for what reason?

2. What has been the total financial involvement of the ADB in the Atlantic Provinces and what is the breakdown by province in financial assistance provided by the Board?

Hon. Jean Marchand (Minister of Regional Economic Expansion): 1. Yes.

2. Newfoundland, $48,476,861; New Brunswick, $43,331,053; Nova Scotia, $35,907,269; Prince Edward Island, $8,530,219; Projects of a Regional nature (including 2 or more provinces), $197,576.—Total: $136,442,978.

NUMBER OF EMPLOYEES, EXTERNAL AFFAIRS

Question No. 406—**Mr. Coates:**

1. How many employees were on strength in the Department of External Affairs on April 1, 1969?

2. How many employees are on strength in the Department of External Affairs at this date?

3. What is the anticipated strength of the Department of External Affairs as of March 31, 1970?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. 2,932, including locally engaged staff abroad but excluding employees of the Passport Office. There were 159 employees in the Passport Office.

2. 3,061, including locally engaged staff abroad but excluding employees of the Passport Office. The increase includes 54 employees transferred from the Comptroller of the Treasury to this Department on August 1, 1969 as a result of a reorganization of departments. There were 200 employees in the Passport Office.

3. 2,922 according to the estimates of the Department, including locally engaged staff abroad but excluding employees of the Passport Office. There are expected to be 272 employees in the Passport Offices, the increase being due to the opening of three regional Passport Offices.

PLANS FOR RCMP BUILDING, VEGREVILLE

Question No. 413—**Mr. Mazankowski:**

Have any concrete plans been considered for the construction of a federal RCMP building in Vegreville, Alberta and, if so, when might construction commence?

Hon. G. J. McIlraith (Solicitor General): No.

Questions

BANKRUPTCIES, ATLANTIC REGION

Question No. 417—**Mr. Bell:**

For each year in the period 1965-68 in the Atlantic Region and the Province of New Brunswick, what was (a) the total number of bankruptcies (b) the aggregate debts (c) the percent paid on the dollar to creditors (d) the average cost per bankruptcy (e) the percent of debtors granted discharge (f) the average period of time from assignment or petition to final disposal?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs):

		Atlantic Provinces	New Brunswick
(a) Total number of Bankruptcies Filed			
	1965	63	29
	1966	43	20
	1967	63	21
	1968	63	32
(b) Total liabilities as declared by debtors (Thousand dollars)	1965	4,267	1,217
	1966	1,594	433
	1967	13,243	1,151
	1968	5,554	1,241
(c) Per cent paid to creditors as reported by trustees	1965	29.8	10.6
	1966	7.9	5.3
	1967	9.6	16.6
	1968	14.0	17.9
(d) Average cost of administration per bankruptcy as reported by trustees	1965	$2,962	$1,031
	1966	3,080	4,100
	1967	1,951	3,769
	1968	1,475	1,320
(e) Per cent of debtors who filed assignments in the years 1965-68, and who had been discharged at December 31, 1968	1965	34.9	41.3
	1966	37.2	50.0
	1967	25.3	28.5
	1968	7.9	9.3
(f) The average period of time for the administration of an estate closed in each period for the years 1965-68:	1965	2.16 years	2.4 years
	1966	2.69 years	2.35 years
	1967	2.65 years	2.0 years
	1968	3.08 years	4.5 years

CO-ORDINATION OF ACTIVITIES, FEDERAL AND QUEBEC FARM CREDIT AGENCIES

Question No. 421—**Mr. Fortin:**

1. Has the government received submissions from the Government of the Province of Quebec on better co-ordination of the activities of the federal and Quebec farm credit agencies and, if so, when were they received and what were their recommendations?

2. Has the federal government studied these submissions and, if so, what was the reply?

Hon. H. A. Olson (Minister of Agriculture): The Farm Credit Corporation advises as follows: 1. Representations have been made by the Government of the Province of Quebec on various occasions that the Farm Credit Corporation, rather than making loans to farmers in Quebec, should advance funds to a provincial credit agency, which this agency would then lend to farmers.

2. The reply was that the government believes that federal funds provided for lending to individual farmers should be lent directly by the Farm Credit Corporation so that they may be uniformly available to farmers across Canada. In addition, the reply suggested implementation of the recommendation of the Royal Commission on Agriculture in Quebec that a committee be formed between representatives of the Farm Credit Corporation, the Quebec Farm Credit Bureau, and the Quebec Department of Agriculture and Colonization, to promote co-ordination of their respective activities.

WAGE POLICY, PROPRIETARY CROWN CORPORATIONS

Question No. 422—**Mr. Fortin:**

Has the government given proprietary Crown corporations any instructions regarding wage policy during the last year and, if so, what were they?

Hon. C. M. Drury (President of the Treasury Board): No.

JAMES AUTRY—ARREST BY ARMED FORCES

Question No. 453—**Mr. Orlikow:**

1. Did representatives of the Armed Forces arrest James Autry in Halifax and, if so (a) for what reasons and under the provisions of what legislation (b) who gave the orders for Mr. Autry's arrest?

2. Was Mr. Autry deported to the United States and, if so, how much time elapsed between his arrest and deportation?

3. Was Mr. Autry advised during his detention by Canadian authorities that he had the right to be represented by legal counsel or that it might be helpful to retain such counsel?

4. In the light of a ruling by a British Columbia Court, is the department considering making representations to the United States authorities asking that Mr. Autry be returned to Canada?

Hon. Léo Cadieux (Minister of National Defence): 1. Seaman Autry was arrested in Halifax, Nova Scotia, October 16, 1969, by a member of the Canadian Forces for being absent without authority from his ship; the arrest was made under the provisions of Section 10 of the Visiting Forces Act and an Order made by the Minister of National Defence, October 1, 1969.

2. Seaman Autry was not deported. After being arrested by a member of the Canadian Forces, he was turned over to a United States naval authority in Halifax approximately three hours later. It is understood he was returned to the U.S.A. the same day.

3. No.

4. No. A notice of appeal from the ruling of the British Columbia Court was filed on November 3, 1969 on behalf of the Crown.

MINISTERS, ACTING AND SECOND ACTING MINISTERS

Question No. 491—**Mr. Knowles (Winnipeg North Centre):**

Who are the Ministers, Acting Ministers, and Second Acting Ministers of each department of the federal government?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister):

Department	Minister	Acting Minister	2nd Acting Minister
1. Agriculture	Mr. Olson	Mr. Greene	Mr. Laing
2. Communications	Mr. Kierans	Mr. Pelletier	Mr. Jamieson
3. Consumer and Corporate Affairs	Mr. Basford	Mr. McIlraith	Mr. Jamieson
4. Energy, Mines and Resources	Mr. Greene	Mr. Lang	Mr. Pepin
5. External Affairs	Mr. Sharp	Mr. Martin	Mr. Drury
6. Finance	Mr. Benson	Mr. Gray	Mr. Sharp
7. Fisheries and Forestry	Mr. Davis	Mr. Dubé	Mr. Côté
8. Indian Affairs and Northern Development	Mr. Chrétien	Mr. Andras	Mr. Davis
9. Industry, Trade and Commerce	Mr. Pepin	Mr. Lang	Mr. Drury
10. Justice and Attorney General	Mr. Turner	Mr. McIlraith	Mr. Macdonald
11. Labour	Mr. Mackasey	Mr. McEachen	Mr. Basford
12. Manpower and Immigration	Mr. MacEachen	Mr. Marchand	Mr. Mackasey
13. National Defence	Mr. Cadieux	Mr. Drury	Mr. Laing
14. National Health and Welfare	Mr. Munro	Mr. Martin	Mr. Pelletier
15. National Revenue	Mr. Côté	Mr. Kierans	Mr. Chrétien
16. Privy Council	Mr. Macdonald	Mr. MacEachen	Mr. Olson
17. Public Works	Mr. Laing	Mr. Côté	Mr. Dubé
18. Regional Economic Expansion	Mr. Marchand	Mr. Munro	Mr. Mackasey
19. Secretary of State	Mr. Pelletier	Mr. Stanbury	Mr. Munro
20. Solicitor General	Mr. McIlraith	Mr. Turner	Mr. Lang
21. Supply and Services	Mr. Richardson	Mr. Olson	Mr. Côté
22. Transport	Mr. Jamieson	Mr. Richardson	Mr. Turner
23. Treasury Board	Mr. Drury	Mr. Kierans	Mr. Laing
24. Veterans Affairs	Mr. Dubé	Mr. Andras	Mr. Basford

Motions for Papers

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I wish to ask leave to have question No. 359, in my name, withdrawn from the Order Paper.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I should like to ask the Parliamentary Secretary to the President of the Privy Council whether he could inquire about question No. 306 which I put on the order paper. The government announced such a project two weeks ago and I wonder why I have not yet received a reply.

MOTIONS FOR PAPERS

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notices of motions for the production of papers Nos. 4, 15, 16, 17, 18, 19, 20, 22, 23, 36, 47 and 85 are acceptable to the government.

[*English*]

Mr. Speaker: Is it the pleasure of the House that the notices of motions enumerated by the Parliamentary Secretary be deemed to have been adopted?

Some hon. Members: Agreed.

PRESENTATION TO INTERNATIONAL MONETARY FUND MEETING

Motion No. 4—**Mr. Saltsman:**

That an Order of the House do issue for a copy of Canada's presentation to the International Monetary Fund meeting in September.

Motion agreed to.

STUDY OF FOREIGN AID BY ROY MATTHEWS

Motion No. 15—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Mr. Roy Matthews on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

STUDY OF FOREIGN AID BY F. FONTAINE

Motion No. 16—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Mr. F. Fontaine on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

[Mr. Walker.]

STUDY OF FOREIGN AID BY PROFESSOR L. SABOURIN

Motion No. 17—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Professor L. Sabourin on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

STUDY OF FOREIGN AID BY PROFESSOR D. USHER

Motion No. 18—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Professor D. Usher on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

STUDY OF FOREIGN AID BY PROFESSOR B. HIGGINS

Motion No. 19—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Professor B. Higgins on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

FOREIGN AID REVIEW CONFERENCE

Motion No. 20—**Mr. Lewis:**

That an Order of the House do issue for a copy of all background papers prepared for the Foreign Aid Review Conference held on May 16, 17 and 18 at the Skyline Hotel in Ottawa.

Motion agreed to.

STUDY OF FOREIGN AID BY PROFESSOR G. L. REUBER

Motion No. 22—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Professor G. L. Reuber on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

STUDY OF FOREIGN AID BY PROFESSOR S. TRIANTIS

Motion No. 23—**Mr. Lewis:**

That an Order of the House do issue for copies of the consultant study by Professor S. Triantis on Foreign Aid prepared for the Canadian International Development Agency as part of Canada's foreign aid review.

Motion agreed to.

EXPORT AND IMPORT PERMITS

Motion No. 36—**Mr. Broadbent:**

That an Order of the House do issue for a copy of a list of all items presently requiring permits for exports and import purposes under the Export and Import Permits Act.

Motion agreed to.

CAR AND TRUCK RECALLS

Motion No. 47—**Mr. Mather:**

That an Order of the House do issue for copies of all correspondence between the Government of Canada and Canadian automobile manufacturers regarding safety recalls of cars and trucks, sold in Canada, announced in 1969.

Motion agreed to.

RESEARCH FINANCING

Motion No. 85—**Mr. Broadbent:**

That an Order of the House do issue for a copy of the report presented to the Prime Minister from the Science Council of Canada regarding the future financing of research in Canada.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, notices of motions Nos. 28, 75, 124 and 140 are acceptable to the government subject to the usual reservations concerning confidential documents and to the authorization of the government authorities concerned.

[*English*]

Mr. Speaker: Subject to the reservations and conditions expressed by the parliamentary secretary, is it the pleasure of the House that the notices of motions he has enumerated shall be deemed to have been adopted?

Some hon. Members: Agreed.

QUEBEC—ADMINISTRATION OF HOUSING PROJECTS

Motion No. 28—**Mr. Gilbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of the agreement between the Government of Canada and the Government of Quebec regarding the administration of housing projects in Quebec.

Motion agreed to.

MANPOWER FLOWS TO UNITED STATES

Motion No. 75—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the report by Mr. Peter Comay prepared for the Department of Manpower and Immigration regarding manpower flows from Canada to the United States.

Motion agreed to.

"TELECOMMISSION" REPORT

Motion No. 124—**Mr. Peters:**

That an Order of the House do issue for a copy of the report of the Department of Communications "Telecommission" regarding the relationship between common carriers and computer companies.

Motion agreed to.

DESIGNATED REGIONS, ALBERTA

Motion No. 140—**Mr. Burton:**

That an Order of the House do issue for a copy cellency praying that he will cause to be laid before this House copies of all correspondence between the Government of Canada and the Government of Alberta regarding the selection of designated regions under the new Regional Development Incentives Act.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, would you be so kind as to call notices of motions Nos. 44, 78, 84, 101, 104 to 123 included, 126, 137, 157, 159, 180, 181 and 195?

I request, Mr. Speaker, that the remaining notices of motions be allowed to stand.

[*English*]

FEDERAL-PROVINCIAL INTERIM WELFARE REPORTS

Motion No. 78—**Mr. Knowles (Winnipeg North Centre):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of the interim reports of the Federal-Provincial Working Group on Costs of Welfare Programs, the Federal-Provincial Task Force on a Developmental Approach to Public Assistance, and the Federal-Provincial Study Group on Alienation, presented to the Federal-Provincial meeting of federal and provincial welfare ministers held in Victoria, British Columbia, on October 2 and 3, 1969.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the interim reports referred to in the hon. member's motion were prepared by working groups of federal and provincial officials at the direction of the federal and provincial ministers of welfare.

The reports were presented to a federal-provincial conference held in Victoria, B.C. on October 2 and 3, 1969. The decision taken at that conference was that the reports are of an

interim nature only and should not be released. Under the circumstances my minister is unable to table the papers requested and asks that the hon. member withdraw his motion.

Mr. Speaker: Is it agreed that the motion be withdrawn?

Mr. Knowles (Winnipeg North Centre): Agreed.

Order discharged and motion withdrawn.

NEW JERSEY GUARANTEED ANNUAL INCOME PLAN

Motion No. 84—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the report by officials of the Department of National Health and Welfare who investigated the guaranteed annual income plan introduced in New Jersey in the United States.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): I have been requested by my minister to inform the hon. member that while officials of the Department of National Health and Welfare have secured descriptive material on the New Jersey guaranteed annual income plan and have had some conversations with officials in the United States, no investigation has been carried out to date concerning the plan. Such an investigation would not be warranted at this time because the plan is still in its initial phase and no report has been prepared. Under the circumstances, my minister requests that the hon. member withdraw his motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I shall withdraw it and reword it to meet the point the Parliamentary Secretary has made.

Mr. Speaker: Is it agreed that the motion be withdrawn?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

COST-BENEFIT STUDY, QUEEN ELIZABETH TELESCOPE PROJECT

Motion No. 101—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the cost-benefit study on the Queen Elizabeth telescope project referred to by the President of the Treasury Board in *Hansard* on March 19, 1969, page 6842.

[Mr. Haidasz.]

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Mr. Speaker, the cost-benefit study referred to by the President of the Treasury Board is the report by Dr. Rose for which there is agreement to table in response to motion No. 92, also in the name of the hon. member for Winnipeg North. In view of this perhaps there would be agreement to withdraw this motion.

Mr. Speaker: Is it agreed that the motion be withdrawn?

Mr. Orlikow: I agree.

Order discharged and motion withdrawn.

CONSULTANT STUDIES, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

Motion No. 104—**Mr. Skoberg:**

That an Order of the House do issue for copies of all outside consultant studies undertaken for the Department of Consumer and Corporate Affairs as mentioned in answer to Question No. 1,323, tabled on June 25, 1969, as reported in *Hansard* on page 10597.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, the House will recall that last week I suggested to the hon. member that since he had put a further series of motions pursuant to my suggestion, specifying more clearly which of the over one thousand consultative reports involved in motions 104 to 123 he desired, the hon. member might like to withdraw these motions 104 to 123. I wonder if he has now made a decision in that regard?

Mr. Skoberg: Mr. Speaker, with regard to No. 104 I would presume to say that the consumers of this nation are paying for the cost of these consultant studies—

Mr. Speaker: Order, please. There should be no debate. If the hon. member will not withdraw the motion it will stand for debate.

Mr. Macdonald (Rosedale): On a point of order, Mr. Speaker, I wonder if the hon. member's view is the same with regard to the remaining 18 and if it might be appropriate to treat them all in one package and transfer them all for debate?

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: The notices of motions referred to by the President of the Privy Council are transferred for debate.

Mr. Skoberg: Mr. Speaker, with regard to No. 105 the same applies. With regard to the rest of them—

Mr. Speaker: Order, please. These notices of motions have been transferred for debate at the request of the government.

Mr. Skoberg: On a point of order, Mr. Speaker, I was only discussing No. 104 in the first instance. That is the only one on which I call for a vote at this time.

Mr. Speaker: The hon. member can call for a vote but if the government asks that it be transferred for debate that is where it goes.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I think the hon. member did not make clear what he wants.

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The hon. member was suggesting that 104 and 105 be transferred for debate or voted on and that the rest be dropped. I think that is what he was seeking to do.

Mr. Speaker: If this is the hon. member's wish, there is no difficulty. It is agreed that 104 and 105 are transferred for debate and the subsequent notices of motions are withdrawn. Is this what the hon. member wishes?

Mr. Skoberg: That is correct, Mr. Speaker, and it would have been clear if I had been given time to explain.

Motions Nos. 104 and 105 transferred for debate.

Motions Nos. 106 to 123 inclusive withdrawn.

TORONTO INTERNATIONAL AIRPORT POLLUTION STUDY

Motion No. 126—**Mr. Gilbert:**

That an Order of the House do issue for a copy of the study undertaken by the Department of National Health and Welfare regarding pollution levels at Toronto International Airport.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the Department of National Health and Welfare is providing technical assistance to a study being carried out by the province of Ontario for the Department of Transport at the Toronto International Airport. As no report has been issued by the Department of National Health and Welfare my minister requests that the hon. member withdraw his motion.

Mr. Speaker: Is it agreed that the motion be withdrawn?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

DESIGNATED REGIONS, BRITISH COLUMBIA

Motion No. 137—**Mr. Burton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence between the Government of Canada and the Government of British Columbia regarding the selection of designated regions under the new Regional Development Incentives Act.

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, the government would be agreeable to accepting this motion but there is no such correspondence to lay before the House. This applies to similar motions Nos. 139, 141, 142, 143, 144, 145 and 147. I have spoken to the hon. member and in view of the circumstances he may wish to withdraw these motions.

Mr. Burton: Mr. Speaker, the legislation calls for consultation with provinces; the Order in Council says that such consultations have taken place. Thus I am amazed at the answer given by the Parliamentary Secretary—

Some hon. Members: Order.

Mr. Speaker: Order, please. The hon. member can be amazed but he cannot tell us so; he can only indicate whether he wishes the motion transferred, put to a vote or withdrawn.

Mr. Burton: In consequence of the statement by the Parliamentary Secretary I should like to have motion 141 transferred for debate and I would give my consent to withdraw the other motions.

Mr. Speaker: As I understand the hon. member he suggests that motion No. 141 be transferred for debate and that motions 137, 139, 141, 142—perhaps the hon. member would indicate again for the guidance of the Chair the motion he wants transferred for debate.

Mr. Burton: I wish to have motion No. 141 transferred for debate. I would ask that motions 137, 139, 142, 143, 144, 145 and 147 be withdrawn. The Parliamentary Secretary did

not refer to No. 146, but if the same circumstance applies I would consent to have that motion withdrawn also.

Mr. O'Connell: It does apply.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Motion No. 141 transferred for debate.

Motions Nos. 137, 139, 142, 143, 144, 145, 146 and 147 withdrawn.

UNEMPLOYMENT INSURANCE STUDY BY PROFESSOR G. PAQUETTE

Motion No. 157—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the consultant study by Professor G. Paquette of Carleton University on Canada's Unemployment Insurance Program.

Mr. Jim McNulty (Parliamentary Secretary to Minister of Labour): Mr. Speaker, Professor G. Paquet of Carleton University participated as a member of a team reviewing long-term plans for the unemployment insurance program. The Unemployment Insurance Commission produced working papers as a basis for recommendations which are the subject of consideration by the government as indicated in the Speech from the Throne. These working documents were not designed for publication but as a basis for developing proposals with the Minister of Labour. The substance of these proposals will be presented in the form of a white paper. On this assurance, perhaps the hon. member for Winnipeg North Centre may wish to withdraw his motion.

Mr. Knowles (Winnipeg North Centre): I would prefer that the motion stand until we have seen the white paper.

Mr. Speaker: Stand.

CANADA ASSISTANCE PLAN APPEAL PROCEDURES

Motion No. 159—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the list of actual appeal procedures prepared by the Department of National Health and Welfare for use by the provincial governments in connection with the Canada Assistance Plan.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, no list of actual appeal procedures has been prepared by the Department of National Health and Welfare for use by the provincial governments in connection with the Canada Assistance Plan. The development of such procedures is the responsibility of the provinces. Under agreements made pursuant to the Canada Assistance Plan, the provinces are obligated to provide by law procedures for appeals from decisions with respect to applications for and the provision of assistance, by persons affected by such decisions. A copy of existing procedures, as set out in provincial assistance statutes and regulations, was tabled in the House on October 22, 1969. Under the circumstances the hon. member is requested to withdraw his motion.

[Mr. Burton.]

Mr. Baldwin: I rise on a point of order, Mr. Speaker, in connection with this procedure. So long as hon. members on my left possess a certain degree of curiosity which the government is unable to satisfy, these motions will appear on the Order Paper. I submit that under our Standing Orders there can be no debate. What we have been hearing today is a series of miniature debates. With deference, I contend that the courses open to the government are clear: there is a right to accept a motion, to have it transferred for debate or to reject it. One of these courses should be taken without all these explanations.

Mr. Macdonald (Rosedale): It seems to me, Mr. Speaker, that we have been following a far more sensible way of carrying on our business, that it is far better for an explanation to be given publicly in order that hon. members may be satisfied as to the reasons for having a motion dropped. I suggest, too, that this practice comes well within the rules and that it should be continued.

Some hon. Members: Hear, hear.

Mr. Baldwin: It is not within the rules.

Mr. Speaker: Order. I think the point made by both hon. members is well taken. I have had occasion previously to suggest to Parliamentary Secretaries that their explanations be as brief as possible so as not to lead to unnecessary debate. It is a question of judgment in each instance whether the House is engaging in debate or is being given a brief explanation. I hope that the Parliamentary Secretaries or ministers who think it necessary to give explanations will keep such explanations as brief as possible. Motion 159 is dropped.

Order discharged and motion withdrawn.

MINIMUM WAGE REVIEW

Motion No. 180—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the Department of Labour's review of the minimum wage and its effect on the Canadian economy referred to by the Minister of Labour on November 3, 1969, as recorded in *Hansard* at page 402.

Mr. Jim McNulty (Parliamentary Secretary to Minister of Labour): Mr. Speaker, the study was prepared as a confidential internal working paper for the use of members of the Department of Labour. The motion cannot, therefore, be accepted.

Mr. Knowles (Winnipeg North Centre): Would you put the question, Mr. Speaker.

Mr. Speaker: Transferred for debate.

CANADA LABOUR (STANDARDS) CODE DEFERMENTS

Motion No. 181—**Mr. Orlikow:**

That an Order of the House do issue for a return showing a list of all employers who have applied for deferment in respect to the Canada Labour (Standards) Code showing (a) those which have been approved (b) those which have been rejected (c) those to which consideration is still being given (d) the number of workers employed by each of these employers.

Mr. Jim McNulty (Parliamentary Secretary to Minister of Labour): Mr. Speaker, the list referred to in the motion would take an inordinate amount of time to prepare since it would involve individual listings of more than 5,000 employers. The motion therefore cannot be accepted.

We would have no difficulty, however, in making available to the hon. member statistical information on the numbers and disposition of applications for deferment under the Canada Labour (Standards) Code, which would not include names of specific employers but could be broken down by industrial categories. This could be done either informally or, if preferred, in response to a question on the order paper or a motion for the production of papers.

Mr. Orlikow: That would be agreeable, Mr. Speaker.

Mr. Speaker: Subject to the reservations expressed by the Parliamentary Secretary, is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

PROJECT AND ESTIMATE REDUCTIONS

Motion No. 195—**Mr. Burton:**

That an Order of the House do issue for a copy of a list of (a) all projects postponed, suspended, delayed or cancelled as a result of the program reductions announced by the Prime Minister on August 13, 1969 (b) all estimates which were reduced as a result of the Prime Minister's announcement, together with the total amount of reduction.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, motion for production of papers No. 195 is acceptable to the government, but as far as part (b) of the motion is concerned I would like to inform the hon. member that there are no reduced estimates for the 1969-70 fiscal year as a result of the Prime Minister's announcement.

Mr. Burton: Agreed, Mr. Speaker.

Mr. Speaker: Subject to the reservations or conditions expressed by the Parliamentary Secretary, is it the pleasure of the House that motion 195 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Speaker: Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

TRADE

STATEMENT BY ECONOMIC COUNCIL CHAIRMAN RESPECTING WHEAT AND FLOUR EXPORTS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. In view of the statement by the chairman of the Economic Council of Canada that total exports of wheat and flour are not likely to exceed 360 million bushels by 1975, may I ask the Prime Minister whether the government is changing the policy that the right hon. gentleman promised on June 2, 1968, at Winnipeg of raising the export figure to 430 million bushels of wheat per year?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it has not changed our expectations but it may change the possibility of fulfilling them.

Mr. Stanfield: A supplementary question. In view of the fact that our exports at current

levels, in the context of existing government policy, mean bankruptcies for farmers across the west, is the government of Canada considering positively the appeals by several western agricultural associations for immediate cash assistance either in the form of acreage payments or in some other form, or is it the view of the government of Canada today that these bankruptcies will solve the agricultural problems in the west?

Mr. Speaker: Order.

THE CANADIAN ECONOMY

ACQUISITION OF COMPUTEL SYSTEMS LIMITED BY U.S. FIRM

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of Finance regarding the fact that Computel Systems Limited of Ottawa has been taken over by University Computer Company of Dallas, which means that three fledgling Canadian companies in the computing industry have now been taken over by United States companies, bringing to 80 per cent United States control of this industry in Canada. What action does the government propose to take in view of the fact the computer industry is of increasing importance in a technological society?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should be pleased to look into the particular situation raised by the hon. member. I do not think we have any constitutional jurisdiction to do anything about this particular industry. I would be glad to look into the matter but I do not believe we really have any jurisdiction.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that one of the minister's predecessors, Mr. Walter Gordon, has just made a speech advocating a 30 per cent takeover tax, may I ask the minister whether the government is considering the possibility of imposing such a tax as a means of deterring these takeovers by foreign investors?

Mr. Benson: I will consider this to about the same degree as my hon. friend is considering the suggestions of Mr. Watkins.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to ask the minister a supplementary question regarding the study which is being made in his department of the takeover of financial institutions. Will the report on this matter be available fairly soon?

[Mr. Stanfield.]

Mr. Benson: Mr. Speaker, I hope to have the report in the fairly near future. I am also waiting for a report being prepared by the stock exchanges in this regard. In the interim I understand they have stopped the transfer of seats to foreigners.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the minister to indicate whether or not the frequently promised Canada Development Corporation will be established in time to act in this situation?

Mr. Benson: Mr. Speaker, it would not be the intention for the Canada Development Corporation to act in such a situation, but it is our intention to proceed with the Canada Development Corporation in the very near future.

[*Later:*]

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I have a question for the Minister of Finance which is prompted by a previous answer. I think I heard him say that a 30 per cent take-over tax was about as probable as the adoption of the Watkins manifesto by the NDP. In view of that answer, would the minister say whether we might expect legislation for the introduction of a 30 per cent take-over tax by Christmas?

Mr. Benson: I believe the hon. member misunderstood my previous answer.

LABOUR CONDITIONS

MINIMUM WAGE—INQUIRY AS TO INCREASE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, is it the intention of the Minister of Labour and the government to introduce legislation to increase the minimum wage to $1.65 an hour? If so, when may we expect the introduction of such legislation?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I said about two weeks ago in answer to a similar question that at the present moment we in the Department of Labour are studying this whole question of minimum wages. We have come to no firm conclusion. I read the same newspaper report, and I might say that when such legislation is to be introduced it will be introduced in the proper manner in the House of Commons.

Mr. Muir (Cape Breton-The Sydneys): Mr. Speaker, may I ask the minister whether the committee reviewing minimum wages recommended to the minister and the government

that the minimum wage should be increased to $1.65 an hour?

Mr. Mackasey: Mr. Speaker, in order to be as fully informed as possible I have no less than three departmental committees reporting to me on the subject, and each has made different recommendations.

THE CANADIAN ECONOMY

ACQUISITION OF CANADIAN COACHWAYS BY GREYHOUND LINES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs whether he is aware that Greyhound Lines of Canada, Limited, a subsidiary of Chicago based Greyhound Incorporated, has announced its intention to buy Canadian Coachways, Limited? If so, what steps is the government taking to ascertain whether this proposed takeover by a United States firm of an established and profitable Canadian company is in the best interests of the Canadian public?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have not seen the announcement so I will have to look into the matter.

Mr. Dinsdale: I have a supplementary question which might be directed either to the Minister of Consumer and Corporate Affairs or the Minister of Transport. Is it the intention of the Canadian Transport Commission to call for public hearings on this matter?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, if my memory serves me right the CTC can investigate such transactions provided they are formally called to its attention in the form of a complaint by someone of the general public. If that happens I am sure the Commission will look into this matter.

INFLATION—NICKEL PRICE INCREASE—INQUIRY AS TO ACTION

Mr. Max Saltsman (Waterloo): I should like to direct a question to the Minister of Consumer and Corporate Affairs regarding the increase in the price of nickel. In view of the fact that the third company has now increased its price of nickel and the president of Chrysler has indicated that this will result in higher automobile prices, will the minister say what specific action he is taking to investigate these industries in order that these price rises can be contained?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, we are not investigating these industries. I said in the House the other day something about plans for discussing with the House Leader the possibility of establishing a committee to study the reports of the Prices and Incomes Commission which is an independent body entitled to look into whatever sectors it sees fit.

Mr. Saltsman: Mr. Speaker, in view of the minister's refusal to take any action in this regard, would he be prepared to make arrangements for a debate so we can look into the usefulness of his department since it seems to be doing nothing at all?

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a supplementary question. Since we are on the question of mining I should like to refer to a problem in the mining town of Grande Cache.

Mr. Speaker: Order, please. We seem to be going from one supplementary question to another, none of which seems to be related to the previous question.

NATIONAL DEFENCE

WEST GERMANY—REVALUATION OF DEUTSCHMARK—ALLOWANCES TO SERVICE PERSONNEL

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask the Minister of National Defence a question arising out of the position in which our forces in Germany, other than the air division, find themselves as a consequence of the upgrading of the value of the Deutschmark. This means to each member of the armed forces a loss of 8½ per cent. What is the government going to do to assure that those members affected will not lose any of their income as a result of conditions actually beyond their control?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, there has been an extensive study of this matter by senior officers overseas and officers at CFHQ at Ottawa. As a result of a survey of accommodation on the economy some amendments may be recommended. Otherwise there will be no changes in allowances generally since they are related to the cost of living in Ottawa. I can give an undertaking that I will make sure no inequities occur.

Mr. Diefenbaker: When the minister says the government has amendments in mind,

does he mean amendments that will remove this unjust anomaly in so far as the allowances of those in the armed forces are concerned?

Mr. Cadieux (Labelle): Mr. Speaker, I said some amendments relating to the allowances of those living on the economy who are the ones really feeling the impact of the revaluation of the Mark.

INDIAN AFFAIRS

INQUIRY AS TO GRANTING OF FUNDS TO MÉTIS ORGANIZATION

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, in view of the fact the Minister of Indian Affairs and Northern Development wears two hats, so to speak, I wonder whether I might pose two questions. In light of the recent decision of the Métis Association of Alberta to found a national association to deal with Métis problems, is the minister considering granting funds to aid the new organization as he has done for other Indian groups?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the Indian Act applies to those who are listed in it and have the Indian status under that act. The department under my direction can assist only those Indians.

[*English*]

Mr. Nesbitt: Mr. Speaker, in view of the minister's reply, will he consult with his colleagues in order to find some other means of assisting this new organization?

[*Translation*]

Mr. Chrétien: I shall be glad to study that question, Mr. Speaker.

[*English*]

TRANSPORT

INCREASE IN POTASH FREIGHT RATE—REQUEST FOR INVESTIGATION

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I should like to direct this question to the Minister of Transport. In view of the announced plans of the railways to increase the rate on shipments of potash by about 6 per cent, would the minister say whether he has directed or will direct that an investigation be made by the Canadian Transport Commission?

[Mr. Diefenbaker.]

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, so far as I am aware the Premier of Saskatchewan has indicated he is going to talk directly to the two railways. It might be better to await the result of those discussions first.

Mr. Skoberg: Would the minister say whether he would advise the CTC to be represented at these discussions?

Mr. Speaker: Order, please.

PENSIONS

RETIRED CIVIL SERVANTS—INQUIRY AS TO INCREASE

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, last Friday I had a question for the President of the Treasury Board and you suggested that I withhold it until his return to the House today. Therefore I now ask the President of the Treasury Board what progress is being made with respect to a possible increase in the pensions of superannuated civil servants and does the minister expect a decision on this issue before Christmas or the end of this year?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I can only repeat the answer I gave to a similar question from the hon. member for Winnipeg North Centre. I said that this is a subject of considerable concern to the government and it is being looked at in the light of the over-all review of social policy.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the minister whether he is still full of hope, as he was the last time he answered this question, that something will be done before Christmas?

Mr. Drury: Mr. Speaker, I do not think the hon. member for Winnipeg North Centre should have attached my hopefulness to the Christmas season. It was a generally expressed hope.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, may I ask whether the study the minister speaks of also includes a study of the pension situation of superannuated members of the RCMP and also ex-members of the armed forces?

Mr. Drury: It does.

THE CANADIAN ECONOMY

INFLATION—VOLUNTARY RESTRAINT—INQUIRY AS TO ADDITIONAL POLICIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs this question. In view of the widespread price increases which are taking place and the obvious violations of the principle of restraint he has enunciated in the House, has he received any recommendation from the Prices and Incomes Commission concerning policies which ought to be adopted in addition to the policy of voluntary restraint?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): No, Mr. Speaker. The commission, apart from the studies it is conducting, is still endeavouring to negotiate a package of restraint with the union, business and farm groups.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. Is the minister's intention to refer a number of the reports of the Prices and Incomes Commission to a committee of the House of Commons an indication that the government does not know how to combat inflation and is passing on this question to a committee of the House?

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a supplementary question to the minister. In view of the fact that there have been price increases in respect of steel, cars, oil and now nickel, and in view of the fact that the minister seems to be uncertain whether or not these increases are being studied by the Prices and Incomes Commission, is the minister prepared to make a statement on motions telling the House which of these price increases are being studied by the Prices and Incomes Commission and what the outcome of these investigations has been?

Mr. Basford: Mr. Speaker, it is public knowledge that the Prices and Incomes Commission announced some weeks ago that it is studying the recent increases in steel prices. Apart from that it is endeavouring to negotiate a general package of restraint. So far as the oil situation which the hon. member mentioned is concerned, I met on Wednesday and Thursday of last week with the chief executive officers of Gulf Oil and Imperial Oil and asked them to defer—

Mr. Speaker: Order, please. I hesitate to interrupt the minister but my understanding of the question is that the minister was being asked whether he would make a statement on motions. I suggest to him the statement should not be made at this time.

An hon. Member: He has nothing to say anyway.

Mr. G. W. Baldwin (Peace River): I have a supplementary question, Mr. Speaker. In making that statement would the minister indicate whether the government has come up with some weapon other than unemployment and bankruptcy to deal with inflation?

Mr. Speaker: Order, please.

[*Translation*]

REPERCUSSIONS FROM ST. PIERRE—MIQUELON DEVELOPMENT PROJECT

Mr. René Matte (Champlain): I have a question for the Prime Minister.

Is the government presently doing studies in order to find out what would be the repercussions in Canada of the development project in St. Pierre and Miquelon?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I am not aware that such studies are under way.

[*English*]

REGIONAL DEVELOPMENT

REQUEST FOR ORGANIZATION MEETING OF STANDING COMMITTEE

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct this question to the Government House Leader. Bearing in mind the minister's great interest in the standing committees of the House and especially their reports, would the minister at the earliest possible date arrange for an organizational meeting of the Standing Committee on Regional Development so that the committee can elect a chairman and get on with the very important work facing it?

Hon. Donald S. Macdonald (President of the Privy Council): I am sure, Mr. Speaker, the hon. member's suggestion will reach the ears of those responsible for the committee.

Mr. Speaker: The hon. member for Qu'Appelle-Moose Mountain.

Mr. McGrath: A supplementary question—

Mr. Speaker: Order. The Chair has recognized the hon. member for Qu'appelle-Moose Mountain.

[*Later:*]

Mr. McGrath: Mr. Speaker, I have a supplementary question for the Government House Leader. Would the minister take the House into his confidence and let the House know just who is responsible for arranging organizational meetings of the committees?

TRANSPORT

DEFENCE OF CTC RAILWAY COSTING FORMULA

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Transport. Will the Canadian Transport Commission's formula on railway costing, which is now being appealed to the Supreme Court of Canada by the Canadian Pacific Railway, be fully defended by the government and has top legal counsel been employed or will top legal counsel be employed by the government to that end?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I would have to take that question as notice concerning the detail, but as I have said in many answers in respect of the Canadian Transport Commission I think the various procedures are laid out and are well known. However, I shall investigate just how this matter is to be defended before the Supreme Court.

REGIONAL DEVELOPMENT

NEWFOUNDLAND RESETTLEMENT PROGRAM—REQUEST FOR REFERENCE TO STANDING COMMITTEE

Mr. Walter C. Carter (St. John's West): Mr. Speaker, this question is for the Minister of Regional Economic Expansion. In view of the criticism that has been levelled against the government's resettlement program in Newfoundland, would the minister agree to have the matter referred to the Standing Committee on Regional Development?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I hope the committee will be able to meet as soon as the House returns in January.

[*English*]

INQUIRIES OF THE MINISTRY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Given the fact that the Economic Council of Canada estimates that somewhat more than one-fifth of all Canadians live in poverty and the fact that the minister knows where it is possible for a Canadian to live on $30 a week, will the minister inform the House where these places are so that people may move?

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct this question to the Prime Minister. In view of the Prime Minister's very dismal showing in kicking off the football at last year's Grey Cup game, can he say whether he is taking any lessons for this year's kick-off ceremony? If he should need any lessons I would be very glad to help him out.

Mr. Speaker: Order, please.

FISHERIES

WHITEFISH KILL IN KOOTENAY LAKE

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of Fisheries and Forestry. Has the Department of Fisheries completed its investigation of the heavy kill of whitefish which took place in the west arm of Kootenay Lake over two months ago? If so, what was the cause of the heavy fish kill and what steps have been taken or recommended to prevent the recurrence of a similar disaster?

Mr. Speaker: Perhaps this question might be placed on the Order Paper.

NATIONAL REVENUE

ACCEPTANCE OF WHEAT IN PAYMENT OF SUCCESSION DUTY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I do not know to whom this question should be directed, to the Minister of National Revenue or the Minister of Finance. There is a serious situation on the prairies among farmers whose estates owe succession duty. They have lots of wheat on hand but no money and are unable to get credit. In view of its control over the wheat problem through the Wheat Board, will the government give consideration to the acceptance of wheat in payment of succession duties?

Mr. Speaker: It seems to me that question was asked, perhaps in another form, just recently.

HIGHWAYS

ATLANTIC PROVINCES—COST-SHARING FORMULA

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion, and I gave him notice of it a few days ago. Can the hon. gentleman advise what the proposed formula is for cost-sharing on highway programs with the Atlantic provinces?

Mr. Speaker: Order, please. It seems to me this question is of a very general nature. I think it could very well be placed on the Order Paper or debated at the time of adjournment.

Mr. McCleave: Ten o'clock.

NORTHERN AFFAIRS

POSSIBLE UPSETTING OF ECOLOGICAL BALANCE BY PIPELINE

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. In light of the recent announcement by Mackenzie Valley Research Limited that it is carrying on work to determine whether a pipeline from Prudhoe Bay to Edmonton is economically feasible, is the minister taking steps to ensure that the over-all ecological balance of the north is not sacrificed in this type of commercial development?

While I am on my feet, Mr. Speaker, I wonder whether on a question of privilege I could compliment the Prime Minister and most of the senior ministers who are present on their good taste in the colour of their ties today.

Some hon. Members: Oh, oh!

CONSUMER AFFAIRS

INCREASED OIL PRICES—EFFECT ON FARMERS

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs. On November 17 I asked him if he would have the price increases for fuel oil in western Canada investigated, and in his reply he said that all the companies had not yet implemented price increases. In view of the fact that as of this date virtually all of the oil companies have increased prices, would he have the effects of this action on farm production costs investigated?

Inquiries of the Ministry

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, on Wednesday and Thursday of last week I asked the chief executives of Gulf and Imperial Oil to defer price increases. The announcements made since then indicate that they are not prepared to go along with such requests. As the hon. member knows, there is no power within the federal government to control these prices.

Mr. Gleave: Mr. Speaker, perhaps the minister would reconsider the question I asked him. I asked him whether he would have the results of these increases on farm costs and on the farming community investigated?

Mr. Basford: Mr. Speaker, as the Prime Minister indicated in the House the other day, we are anxious to establish general policies. We have been following general policies to contain inflation. The Minister of Finance will pursue those policies and persist in those policies. As the Prime Minister indicated the other day, it might not serve such a useful purpose to examine every price increase made.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in view of the fact that these increases, which have taken place almost simultaneously, cannot have been the result of coincidence and have all the appearance of a general agreement to mulct the Canadian public, what is the government going to do about prosecution under the Combines Investigation Act to put an end to this continual raising of prices and its unfairness to the Canadian People?

Mr. Basford: Well, Mr. Speaker, I agree with the right hon. gentleman's comment that these seem to be unfair price increases, particularly in view of the fact that they were asked not to make them—

Some hon. Members: Oh, oh!

Mr. Nesbitt: That is a non sequitur.

Mr. Basford: The right hon. gentleman, having been Prime Minister of this country, knows that the Director of Research and Investigation under the Combines Investigation Act watches all significant price movements, and if there is evidence of breaching of the act he can be expected to act.

Mr. Diefenbaker: What is the position—

Mr. Speaker: Order, please. The hon. member for Saskatoon-Biggar on a point of order.

Inquiries of the Ministry

Mr. Gleave: Thank you, Mr. Speaker. I would like to point out to you and to the minister that the question I asked has not been answered. It was, would an investigation be made—

Mr. Speaker: Order, please. That is not a point of order, but if the hon. member has a supplementary question I will return to him in a moment. For the moment I believe the right hon. gentleman from Prince Albert has a supplementary.

Mr. Diefenbaker: In view of the fact that the minister's edict or suggestion was not accepted and as he is convinced that any increase is wrong, will he bring to the attention of the organization established to meet such situations the need of action being taken, because everybody seems to be running wild in the matter of prices in Canada today?

Mr. Speaker: Order, please.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to direct a supplementary question to the minister. In view of his statement that the government has no power to deal with this matter, may I ask him whether he has at any time carried on any correspondence with the premiers of the various provinces on whether or not the provincial governments would be prepared to pass enabling legislation giving to the Prices and Incomes Commission the necessary power to deal with unjustified price increases?

Mr. Basford: Mr. Speaker, that is a question that falls within the general financial policy of the government and should be directed to my colleague, the Minister of Finance.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct it to the Minister of Finance.

Hon. E. J. Benson (Minister of Finance): I would like to take the question as notice, Mr. Speaker.

Mr. Gleave: Mr. Speaker, again I direct a question to the Minister of Consumer and Corporate Affairs. In view of the fact that these price increases are falling on an industry which is already in a depressed condition, will the minister investigate the effect of these increases on the farming industry in western Canada?

Mr. Speaker: Of course the hon. member is merely repeating the question he originally asked. He may feel the question has not been answered, or has not been answered in a satisfactory manner, but he cannot simply repeat the question he asked previously.

[Mr. Speaker.]

SEEKING OF POWER TO INSTITUTE PRICE CONTROLS

Mr. Max Saltsman (Waterloo): Mr. Speaker, may I direct a supplementary question to the Prime Minister. I would like to ask the Prime Minister to consider that every attempt to deal with the question of price increases has evoked an apology from the cabinet ministers—

Mr. Speaker: Order, please. Would the hon. member kindly resume his seat? The hon. member has been granted the floor and will be granted the floor again for the purpose of asking a question.

Mr. Saltsman: May I come to the specific question, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Saltsman: Will the Prime Minister in his discussions with the provincial premiers at the forthcoming conference seek the constitutional power for price controls in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I wrote to the premiers of the various provinces suggesting that after the constitutional conference in December we have a further conference early in the new year, presumably in February, to discuss other matters of importance to Canada apart from the constitutional ones. I have received favourable replies from most of them, and I am in the process of sending out letters today suggesting that we look for dates for that meeting and items for the agenda. If the provinces are agreeable I think we would be very anxious to suggest the problem of inflation if it appears that the Prices and Incomes Commission has to report negatively on its efforts. This of course we hope will not happen. But should that happen and should the provinces be agreeable, we would be prepared at the federal level to discuss this very important matter.

Hon. Robert L. Stanfield (Leader of the Opposition): I have a supplementary question for the Minister of Consumer and Corporate Affairs, Mr. Speaker. Has the increase in prices by the oil companies violated any

specific restraint suggested by the Prices and Incomes Commission?

Mr. Basford: Mr. Speaker, as has been explained in the House almost every day, the Prices and Incomes Commission has been endeavouring to work out an acceptable formula of restraint. Until this has been negotiated and accepted they are not in a position to spell out specific terms of restraint.

Mr. Stanfield: Mr. Speaker, a supplementary arising out of the assurance of the Prime Minister the other day that the Prices and Incomes Commission was suggesting specific restraints with regard to prices of 5 per cent and 2½ per cent. Have these increases to which the minister referred violated the specific restraints suggested in this way?

Mr. Basford: Mr. Speaker, what the commission has been suggesting to business, trade unions and government, is various possible alternatives which would be acceptable at all levels. In the course of endeavouring to negotiate an acceptable package they have made several suggestions.

Mr. Speaker: Order, please. There are three or four or five members rising for the purpose of asking supplementary questions on a subject on which hon. members have been asking questions for some 15 minutes. There are a number of other hon. members who have been waiting anxiously for an opportunity to get the floor. I think perhaps at this point we might give this opportunity to the hon. member for Moncton.

CANADIAN NATIONAL RAILWAYS

NEW BRUNSWICK—EFFECT OF LAY-OFFS AND CURTAILMENTS

Mr. Charles H. Thomas (Moncton): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of recent announcements of curtailed services and substantial lay-offs by the C.N.R. in New Brunswick, will the minister assure the House that any decisions taken in transportation policy will not undermine the efforts of his colleague, the Minister of Regional Economic Expansion, to maintain full employment in that area?

Hon. Donald C. Jamieson (Minister of Transport): I will do my very best, Mr. Speaker.

Inquiries of the Ministry

HOUSING

URBAN RENEWAL GUIDELINES—DEPENDENCE ON URBAN AFFAIRS POLICY

Mr. Lincoln M. Alexander (Hamilton West): My question is for the right hon. Prime Minister, Mr. Speaker. In view of the fact that the Minister without Portfolio in charge of housing is so slow in coming out with guidelines for urban renewal, can the Prime Minister state whether one of the reasons for this slowness is that the government wants to announce at the same time its general policy with respect to urban affairs?

Mr. Speaker: Order.

REGIONAL ECONOMIC EXPANSION

STATUS OF LAC LA BICHE NEW START PROGRAM

Mr. Paul Yewchuk (Athabasca): A question for the Minister of Regional Economic Expansion, Mr. Speaker. In view of the fact that in recent days approximately 20 staff members have been laid off from the Alberta New Start Incorporated School in my home town of Lac la Biche, does this indicate that the minister now feels the project has served its purpose?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Certainly not, Mr. Speaker.

[*English*]

STATUS OF NOVA SCOTIA NEW START PROGRAM

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In view of the fact that the Nova Scotia new start program is about to end its mandate soon, could the minister make a statement in the House on whether this program will be extended or abandoned?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, it is a known fact that those are experimental programs, and as soon as the experience is completed, we will have to decide whether they are to be extended, increased, broadened or abolished.

Inquiries of the Ministry

[*English*]

HEALTH AND WELFARE

MEDICARE—PAYMENT OF PREMIUMS OF FEDERAL CIVIL SERVANTS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct another question to the President of the Treasury Board. I should like to test his hopefulness again. Can the minister say whether a decision will soon be made and announced regarding the federal government's participation in the medicare premiums of its employees and superannuates in view of the great cost of these premiums in some provinces, particularly here in Ontario?

Hon. C. M. Drury (President of the Treasury Board): In the chronological sense, I am much more hopeful.

REGIONAL ECONOMIC EXPANSION

SASKATCHEWAN—EXTENSION OF DESIGNATED REGIONS

Mr. John Burton (Regina East): I have a question for the Minister of Regional Economic Expansion, Mr. Speaker. Since the population of Saskatchewan fell by 6,000 during the past year, the only province to experience such a decline, and since it has also experienced a serious decline in the income level, is it the intention of the government to extend or add to the designated regions in that province established under the Regional Development Incentives Act?

Mr. Speaker: I suggest to the hon. member that this type of question ought to be placed on the Order Paper or asked at the time of adjournment. The minister might like to make a statement on motions about the matter.

TRANSPORT

PLACING OF FERRY, "PRINCE EDWARD ISLAND", IN MUSEUM

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to address a question to the Minister of Transport. By his tie he could be a red Tory, but I am sure he is not. The question concerns the placing of that historic vessel, the *Prince Edward Island,* as an exhibit in two museums, in Ottawa and Prince Edward Island. Would he give consideration to having this fine old ship rest in one museum in one place? I could suggest such a place.

Mr. Speaker: That is a question for debate at the time of adjournment.

[Mr. Marchand (Langelier).]

AIR TRANSPORT

WABUSH—REQUEST FOR STATEMENT ON FACILITIES FOR LANDING

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is to the Minister of Transport. In view of the evidence given by executives of Quebecair yesterday to the Standing Committee on Transport and Communications indicating that Department of Transport facilities at Wabush, Labrador, are far from adequate for the safe landing of large aircraft, and in view of the tragedy near the airport recently, will the minister be making a statement soon in regard to this extremely urgent matter?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I have not seen the evidence that was given to the committee, but I should like to inform the House that Mr. Arnold Slangen of Quebecair has indicated that the news stories have misquoted him. These stories are all I have seen, but I have asked for a transcript. I understand that I am to appear before the transport committee tomorrow morning, at which time I will be glad to make a statement.

BROADCASTING

SALE OF TELEVISION STATION CKLW—REQUEST FOR STATEMENT

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I enjoy participating in the question period finale, though I seldom have enough breath left to put my question. My question is addressed to the Secretary of State. Given the urgent situation created by the sale of Windsor television station CKLW and the further Americanization of Canadian airwaves, plus the concentration of the communications media in Canada, would the minister make a statement on motions indicating what action either he or the CBC intends to take in this regard?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am quite ready to consider that suggestion, Mr. Speaker.

[*English*]

LAW REFORM

ESTABLISHMENT OF PERMANENT COMMISSION

Mr. John Gilbert (Broadview): Mr. Speaker, my question is for the Minister of Justice, just in case he feels lonely or ignored. Has the minister set up the permanent law reform

commission and, if not, when does he expect to set it up?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I hope to introduce legislation after Christmas.

CAPE BRETON DEVELOPMENT CORPORATION

INQUIRY AS TO APPOINTMENT OF CHAIRMAN

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. May I ask him whether the new chairman of the Cape Breton Development Corporation has been appointed and, if not, when we may expect such appointment?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Unfortunately, Mr. Speaker, he has not yet been chosen. As soon as we find someone whose qualifications are at least comparable to those of Mr. Fullerton, we shall appoint him. However, I cannot give any indications in this regard at the present time.

[*English*]

HIRING OF EMPLOYEES FROM OVERSEAS

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a supplementary question with respect to Devco. Last week I asked the minister whether he would examine the question of hiring employees from overseas. Has he looked into the matter and can he suggest any remedy?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, there has been a freeze on hirings at Devco as well as in most government departments and Crown Corporations for over a year. In fact, only one person has been hired, this was an immigrant who had been in Canada for over six months and who was a supervisor. I do not have any further information about the hiring of foreigners at Devco.

[*English*]

Mr. MacInnis: A further supplementary question, Mr. Speaker. Has the Prime Minister something to say?

Mr. Speaker: Order, please. The question period is just about to expire.

Mr. MacInnis: I would ask the Minister of Regional Economic Expansion to get in touch with the Prime Minister who has a letter of complaint concerning these hirings. The person mentioned by the minister has not been in Cape Breton for the last six months.

Mr. Speaker: Order. The question period has expired.

• (3:10 p.m.)

GOVERNMENT ORDERS

EXCISE TAX ACT

The House resumed from Tuesday, November 25, consideration in committee of Bill C-155, to amend the Excise Tax Act—Mr. Gray (for the Minister of Finance)—Mr. Faulkner in the chair.

The Chairman: Order, please. House again in committee of the whole on Bill C-155, to amend the Excise Tax Act. When the committee rose on Tuesday, November 25, 1969, clause 1 of the bill was being considered.

On clause 1—Definitions.

Mr. Gray: Mr. Chairman, yesterday evening when we were in committee the hon. member for Edmonton West made what I think is a very constructive suggestion as to our method of study of the bill before us. He drew to the attention of the committee the fact that clause 1 actually contains the major parts of the tax proposal in question. Clause 1 calls for the addition of a new Part II to the Excise Tax Act, and the new Part II is divided into a number of clauses. As I understand my hon. friend's proposal, it is that we deal with each of the clauses or paragraphs of the proposed new Part II in order and that we do not begin our discussion on any later clause or paragraph in Part II until we have concluded the discussion on the earlier paragraphs or clauses in question. I believe that is the procedure the committee used in the past when similar bills were being considered.

The Chairman: Is it agreed that we proceed in this way?

Some hon. Members: Agreed.

The Chairman: The discussion will begin on paragraph 8 (a)(1) of clause 1.

Mr. Lambert (Edmonton West): Mr. Chairman, in considering paragraph 8 it seems to me that we need some clarification as to just what type of air carrier will be caught by the provisions of the bill as it is drafted. We

know that the standard commercial carrier is by definition and classification covered in paragraph 8(a)(1). We also find there foreign air carriers which are authorized to operate in Canada, and that part gives no great difficulty. I am wondering about the third category listed in the paragraph. Will that category take into consideration the type of operation furnished by an air service which forms part of a corporate structure; in other words, which is a subsidiary of a large corporation of business and which provides executive aircraft or employee transportation to any job?

Actually, as provided under the Aeronautics Act there is a book entry exchange that is related to the quantum of the depreciation of the aircraft in question. There is a payment off the cost of the aircraft which is sold by the parent company to the subsidiary and in return therefor the aircraft-owning subsidiary performs air carrier services for employees of the parent company. Is this kind of operation to be caught by the definition "certified air carrier", or are we going to have something else?

I am not suggesting that there is in any way a gap in the legislation, but in order that we may be certain, are such operations to be included? Also, will there be included what we may call arranged air transportation cases, as opposed to what we understand by commercially scheduled air services or major, recognized charter air services? That is, will charter services in the development areas, as well as those for tourism, hunting, and so on, be included? Is the minister in a position to give us an answer on that point?

Mr. Gray: Mr. Chairman, I am informed that the type of air service my hon. friend is referring to, an air service that is part of a corporate structure which is carrying on some type of general business operation, is not intended to be included. I understand this matter will fall under clause 5 of the regulations. I am referring to the commercial air service regulations under the Aeronautics Act. These types of aircraft would not, therefore, be among those which, if passengers were carried, would be subject to the tax.

Clause 8(a) of the bill deals with certain specific classes as set forth under the commercial or service regulations made under the Aeronautics Act. Perhaps I should read part of the subsection:

'certified air carrier' means (i) an air carrier that, pursuant to the Commercial Air Service Regulations made under the *Aeronautics Act*, is authorized by the Canadian Transport Commission to operate as an air carrier or as a commercial air service under any one or more of the following classifications as described in those Regulations, that is to say: Class 1, Class 2, Class 3, Class 4 (Groups AA and A), Class 8, Class 9-2, Class 9-3 and Class 9-4 (Groups AA and A);

If I am correct in assuming that this type of operation would fall under clause 5, as I am advised, the operation, as the hon. member describes it, would not be subject to the tax. If the committee desires, I would be happy to place on record a description of the types of operations covered by each of the classes that are among those included in clause 8(a) of the bill. If the committee wishes me to do so, I will read it, although it may be a rather lengthy procedure. I gather, Mr. Chairman, that there is such a disposition. These are the classes of carriers referred to in clause 8(a):

Class 1 air carriers, being air carriers authorized by the committee to operate a class 1 scheduled commercial air service between points within Canada.

Class 1 scheduled commercial air service, being the public transportation of persons, mails or goods by an air carrier serving specific points in accordance with a service schedule and at a toll per unit.

Class 2 air carriers, being air carriers authorized by the committee to operate a class 2 regular specific point commercial air service between points within Canada.

Class 2 regular specific point commercial air service, being the public transportation of persons, mails or goods by an air carrier serving specific points on a route pattern, with some degree of regularity and at a toll per unit.

Class 3 air carriers, being air carriers authorized by the committee to operate a class 3 irregular specific point commercial air service between points within Canada.

• (3:20 p.m.)

Class 3 irregular specific point commercial air service, being the public transportation of persons, mails or goods by an air carrier, from a base, serving a specific point or points at a toll per unit.

Class 4 air carriers, being air carriers authorized by the committee to operate a class 4 charter commercial air service within Canada.

Class 4 charter commercial air service, being the public transportation of persons or goods by an air carrier, from the base or the protected base named in the licence of the air-

carrier, at a toll per mile or per hour for the charter of the entire aircraft, or at such other tolls as may be permitted by the committee.

Class 4, group AA, being commercial air services operated with fixed or rotating wing aircraft having a maximum authorized take-off weight on wheels in excess of 35,000 pounds.

Class 4, group A, being commercial air services operated with fixed or rotating wing aircraft having a maximum authorized take-off weight on wheels in excess of 18,000 pounds but not greater than 35,000 pounds.

Before passing on to class 8 may I digress and say I am advised that the effect of the proposal would be to exclude small aircraft providing charter service, those having a take-off weight of less than 18,000 pounds. I now move on to class 8.

Class 8 international air carriers, being domestic or foreign air carriers designated by the government of any state and authorized by the committee to operate an international scheduled air service between Canada and any other state, pursuant to an international agreement to which Canada is a party.

I would be happy to go on and read the other categories. In most cases they deal with international services. Perhaps with the consent of the committee I could undertake to have this printed in *Hansard*. If the committee prefers, I will read them. Since I gather it is the disposition of the committee for me to continue reading, I will do so.

Class 9-2 international non-scheduled air carriers, being domestic or foreign air carriers authorized by the committee to operate, between Canada and any other state, a commercial air service of a class performed by a class 2 air carrier.

Class 9-3 international non-scheduled air carriers, being domestic or foreign air carriers authorized by the committee to operate, between Canada and any other state, a commercial air service of a class performed by a class 3 air carrier.

Class 9-4 international non-scheduled air carriers, being domestic or foreign air carriers authorized by the committee to operate, between Canada and any other state, a commercial air service of a class performed by a class 4 air carrier.

Class 9-4, group AA, being commercial air services operated with fixed or rotating wing aircraft having a maximum authorized take-off weight on wheels in excess of 35,000 pounds.

Class 9-4, group A, being commercial air services operated with fixed or rotating wing aircraft having a maximum authorized take-off weight on wheels in excess of 18,000 pounds but not greater than 35,000 pounds.

I believe, Mr. Chairman, I have covered all the classes listed in proposed paragraph (a) of the proposed new Part II.

Mr. Lambert (Edmonton West): Mr. Chairman, this would tend to confirm the point that I was trying to make yesterday and, frankly, it is contrary to what the minister was trying to put to the House as justification for the ad valorem tax. I clearly indicated that a number of people will use air transport facilities as passengers but not necessarily cash passengers. They will use the airports, air transportation facilities and communications networks as much as anyone else, but they will not be paying any tax. That is why I make this additional argument that there should be a flat rate air departure tax. This would make more sense and would spread the burden equally.

If a business transports its personnel by its own aircraft, that is its own decision, but they are using air transport facilities. This should be a cost of their business in the same way as those personnel who are using regular scheduled aircraft. I can see there will be marginal operations wherein it will be of advantage to purchase a private aircraft in which to transport employees for business purposes. There is to be a 5 per cent tax, and if these passengers travel a great deal they will be removed from the clientele of the scheduled airlines and, in other areas, the charter services and the government will not receive the revenue contemplated by this bill.

I am not particularly anxious to see another tax imposed on the Canadian people, but if we are looking at an equitable base for a tax on the basis that it is required to pay for air transport facilities whether they be airports, terminals, runways or guidance systems—that is the take-off and landing facilities as well as the personnel that go with them, the radio beams that are maintained and all the safety features that go into Canada's air transport facilities—this should be a user tax. I agree that these costs should in part be borne by the traffic, but why not spread them evenly on the basis of a flat rate departure tax? This is done in many other major countries of the world. Air terminals such as the one serving London, which is very much larger than any we have in Canada, impose a departure tax. I have been through airports such as that and I

have not experienced any great delay. The flat rate tax is either added on to the cost of your ticket as a separate item, or it is necessary to purchase a ticket as you go through the wicket; the collection is right there. In the majority of instances the airlines would not have to worry about the collection of this tax; it would be collected through the airport facilities. There are ways and means of doing this. I will come back to this matter when we are discussing paragraph 10.

The minister told us who will be covered under the certified air carriers provision. This indicates that there is a restricted base for the collection of the tax, and I believe it should be widened.

Mr. Gray: Mr. Chairman, perhaps I should attempt to deal with the hon. member's argument to some extent. We must not overlook the fact that owners of company and private aircraft in the category the hon. member mentioned make payments through landing fees and other charges at airports. The Minister of Finance in his budget statement said all these charges and fees are under review, and it could well be there will be appropriate increases where required in these fees. If it appears that people using this type of aircraft are not paying their fair share in comparison with passengers on the other classes of aircraft which are covered, the way to deal with that would be to make appropriate adjustments in the scale of landing fees and other charges for such aircraft.

• (3:30 p.m.)

I do not think the hon. member has had a chance to give the attention he might otherwise wish to give to the administrative difficulties involved in applying a departure tax. A departure tax would not necessarily catch company executives who are not entering through the main terminal building to take one of these plans; they might be using private terminals. Think of the multiplicity of staff and records which would be required to deal with this situation. It seems to me that a more positive approach in dealing with the category the hon. member has outlined would be by way of a review of the scale of user fees and charges.

I might refer to some of the things I said last night about the difficulties created when use is made of a departure tax, the inequities which could be caused for people who travel, say, between Vancouver and Halifax and who for one reason or another are obliged to stop at more than one airport on the way. According to the hon. member's proposal, they would pay four taxes.

Some hon. Members: No.

Mr. Gray: The hon. member spoke of a departure tax from the airport. Each time a passenger lands he would have to get on another plane and depart.

Mr. Lambert (Edmonton West): That is nonsense, and you know it.

Mr. Gray: It is a difficulty which has to be considered. Perhaps the hon. member can indicate a way of eliminating it. I do not think he has given the consideration he might otherwise wish to give to the problem of congestion which could be caused by collecting departure taxes, a problem which is increasingly evident at foreign airports and which is likely to increase seriously with the use of jumbo jets. I might say that the airlines which will be carrying the largest number of passengers have expressed the view that if there is to be a tax in this area, it should be in the form proposed rather than in the form of a departure tax, having regard to all the administrative difficulties.

As I said last night, the major airlines are already geared to collect a tax of a similar nature covering flights in the United States. If I am correctly advised of the views of the airlines in question, I submit we ought to give some weight, based on their practical experience, to views made available to the government when it was preparing the legislation which is before us today.

Mr. Simpson: Did I understand the minister to say that passengers aboard aircraft with a capacity of less than 18,000 pounds would be exempt from this tax?

Mr. Gray: If the aircraft is in the charter category.

Mr. Lambert (Edmonton West): I want to clear this question up, because that is one of the major categories. I think we are getting ahead of ourselves. Am I correct in assuming that aircraft in charter service and which have a capacity of less than 18,000 pounds will be exempt from the requirement to be certified as an air carrier? I refer particularly to charter services for oil prospecting in the Northwest Territories, or for hunting.

There are a great number of these operations and, frankly, the facilities provided by the Department of Transport are less than

rudimentary. There may be a dock; there will certainly be a radio connection, but that is about all. There will be a dock at the point of departure but from there on the aircraft land on floats. The Department of Transport provides few or no services. If these people have to pay an additional 5 per cent of whatever may be the transportation fee in outlying areas, where the fee is already very high, I would invite the minister and the officials of the department to become absorbed in a program of that type and find out how long they would refrain from protesting against such an obvious injustice. I am referring to equating a service of this type with that of a scheduled transport service provided by one of the major air carriers.

Mr. Gray: It is my understanding that the effect of the exclusion from the definition of certified air carrier would mean that at the very least a substantial proportion of air travel in isolated areas would not be subject to this tax. Perhaps it would be appropriate if I were to read into the record a list of the types of carriers excluded from the definition of certified air carrier; it might help to clear the air in this area of concern. This is the list of types of carrier excluded from the definition of certified air carrier: Class 4 not in groups AA and A.

These are carriers authorized to operate a charter service in Canada by means of aircraft with a maximum authorized take-off weight of less than 18,000 pounds. This would exclude from the definition of certified air carrier a wide range of aircraft used for charter services in the north, including Otter, Twin Otter, Beaver, Norseman, Skyvan and Gruman Goose aircraft as well as virtually all helicopters now in use.

The next is class 5. These are carriers authorized to operate a contract commercial air service, being the transportation of persons or goods by air solely in accordance with one or more specific contracts. An example would be Hollinger Ungava Air Transport which was set up by the Iron Ore Company of Canada to transport freight and individuals by air during the construction of the railway to its iron ore project in Quebec and Labrador. Another example would be Hudson's Bay Air Transport Limited. These carriers must serve one or a group of related companies. I understand there are not many of these carriers.

Next is class 6. These are carriers authorized to operate a flying club commercial air service, being an air service providing flying training and recreational flying to the members of clubs incorporated as non-profit organizations.

Then class 7. These are carriers authorized to operate a specialty service such as crop-dusting, aerial surveys, fire-fighting.

The next is class 9-5. These are international, non-scheduled air carriers authorized to operate between Canada and any other state a commercial service in accordance with one or more specific contracts. An example is Hudson's Bay Air Transport Limited.

Then there is class 9-7. There are international, non-scheduled air carriers authorized to operate between Canada and any other state a specialty air service. I understand there are very few of these.

Mr. Simpson: Mr. Chairman, although I am pleased to hear the minister outline some of the types of air carriers which would be exempt from this tax, I still assert that in many respects this is discriminatory legislation as far as people living in isolated areas of northern Canada are concerned. The minister has endeavoured to show that in a large number of these communities the air transportation of passengers is carried out by means of planes of the smaller type, and generally this is so. However, he should remember that we do enjoy regular scheduled flights; this is the case in my own province of Manitoba, at least. Passengers have the choice between air transportation or an exceedingly long train journey when they wish to reach the more populated areas of the province. Fares are high enough as it is, yet here we find a tax being imposed on people who are pretty well obliged to use the type of transportation we are now considering. The minister pointed out that in many of these outlying places only the smaller type of plane is used.

• (3:40 p.m.)

In many isolated areas of northern Manitoba the province has constructed, at its own expense, landing-strips that are capable of handling fairly large aircraft, aircraft which, I can assure the minister, are capable or carrying more than 18,000 pounds. This 5 per cent tax will go into the federal treasury, and I presume the Department of Transport will reap some benefit from it through the estimates.

During the course of the last seven years we have been requesting the Department of Transport to assist in the construction of airstrips in these isolated and outlying areas of northern Manitoba, but without success.

Despite this, some 15 airstrips have been constructed by the northern affairs department of the province of Manitoba. I assume that no consideration has been given to passing on part of this 5 per cent tax to the province, which has to bear much of the cost of maintaining these airstrips.

We also require air transportation services between such places as Churchill and Winnipeg. The minister may point out that other modes of transportation are available, but Canadian National Railways have already made application to withdraw their passenger service between these two points. Although they may not do so for some time, when they do it will be absolutely essential to maintain air services between these two points.

I agree that some form of taxation or some assessment can justifiably be imposed upon those who use the facilities of the Department of Transport, such as air terminals, airfields and runways in various parts of Canada. Although, as I have mentioned, in the northern parts of the province of Manitoba some of the runways have been constructed by the province, the Department of Transport is going to impose a 5 per cent tax on all aircraft exceeding 18,000 pounds capacity which use them.

I think the minister should take another look at this situation. I would also point out that the only mode of transportation between Churchill and Yellowknife, Edmonton and Yellowknife and on to the Northwest Territories is aircraft. This bill will discriminate against people travelling in northern areas who are obliged to travel by air.

Mr. Gray: Mr. Chairman, I see another hon. member rising but perhaps I could first reply to the remarks of the hon. member for Churchill. As I understand it, the airstrips built by the province of Manitoba to which he referred, are of a rather basic type. All the air traffic control and navigational facilities, as well a meteorological facilities, are provided by the federal Department of Transport. To this extent, therefore, the people using the airstrips benefit from these services.

People flying from these airstrips to cities like Winnipeg would benefit by using the facilities at the airports which this tax will be used to help maintain. Let us not forget, as I said yesterday evening, that the sole purpose of the tax is not the maintenance or expansion of airport buildings or runways; I understand it will be used to help pay for the whole range of services that are provided by the federal Department of Transport in the field of air transportation. Therefore, when assessing what benefit people in the areas to which my hon. friend referred will derive from this tax, one should bear in mind that they will use the facilities provided by the Department of Transport and any expansion or improvement thereto that may be brought about. I remind the hon. member that charter aircraft of less than 18,000 pounds take-off weight are not subject to this tax.

[Mr. Simpson.]

Mr. Simpson: I do not want to belabour the point, Mr. Chairman, or to get into an argument with the minister. I agree that the Department of Transport is providing navigational aids at airstrips built in northern Manitoba, but I wish he would talk this matter over with his colleague the Minister of Communications. I have been urging the minister during the last few days to do something to improve the mail service in these areas. Although there is daily use of these airstrips in northern Manitoba, the mail carriers sometimes claim they cannot land because of bad weather. They have not complained of lack of navigational aids, but they have indicated that bad weather has prevented their landing.

I should like to know whether the Department of Transport feels that these navigational aids are adequate, and that lack of adequate facilities is not the reason mail carriers are unable to land on these strips.

Mr. Southam: Mr. Chairman, my remarks will be very brief on this bill which seeks to impose a transportation tax. I want to lend my support to those colleagues of mine who have voiced protest at the nature of the tax. I, like other hon. members, agree with the principle that services provided at airports should be paid for on a self-liquidating basis, but at the same time I feel that the bill has a discriminatory feature. I do not agree with the *ad valorem* tax; I lean more toward supporting a per capita tax. Other hon. members have remarked on the fact that the per capita tax is applied in other countries across the world, and I do not understand why simply because our great neighbour to the south happens to apply an *ad valorem* tax we should also adopt this principle.

I recently had the honour to be delegated by the House to attend the 15th annual conference of the Commonwealth Parliamentary Association in the British West Indies. While there I had occasion to do a little travelling by aeroplane, and I noticed that a per capita tax was applied at the airports.

Mention was also made of the fact that the operators of small aircraft in the north, those

plying between isolated points and areas of greater population, would suffer a penalty as a result of this *ad valorem* tax.

• (3:50 p.m.)

In the majority of cases the small aircraft used to convey people and goods out of the North and other peripheral areas of Canada fly only part of a longer journey; they fly to places such as Edmonton, Churchill or Calgary where the passengers then board other aircraft operated by Air Canada or CPA to complete their journeys. These people will be penalized by having to pay this *ad valorem* tax. We must remember that the cost to these people is a great deal more on long flights whether or not it is broken down into two or three strips on different air carriers. This is particularly true if they are travelling to Toronto or Montreal; the expense involved is much greater than it is to the people who live in the more populated areas of Canada.

Let me remind hon. members of the application before the Transport Commission in respect of passenger services in western Canada. These people who as a result of their isolation from the major cities of Canada have to travel to eastern Canada on business, will have to pay more. The nature of their business demands that they travel by air. This *ad valorem* tax will discriminate against them. There are many other arguments that could be made, but at this time I should just like to support my colleagues in objecting to what I feel is a discriminatory measure. I support a per capita tax but not an *ad valorem* tax.

Mr. Barnett: Mr. Chairman, I heard the hon. member for Churchill say that he did not want to argue with the minister. After listening to the replies of the minister I feel more and more inclined to argue with him. This bill was obviously drafted in a vacuum at the Department of Finance, without any real understanding of air travel in Canada.

Let us go back to the beginnings of this bill. I remember when the then Minister of Transport, now the president of the Canadian Transport Commission, discussed the principles of the Transportation Act in this House. He spoke about the idea of user charges; in other words, that the people using transportation facilities provided out of public funds should within reason be required to pay for that use. There may not be a great deal of quarrel among members of the House on that principle, but there may be argument as to how and when it should be applied.

When one looks at this bill with the idea that it embodies a flat percentage charge on the amount paid for air transportation in Canada, you begin to realize how completely inequitable it is. I could see some ground in equity for this principle if it were applied to class 1 airlines operating on major airline routes in Canada. We have heard a lot from the Minister of Transport about the increasing costs of operating and developing major air terminals in Canada. Any one of us who has had occasion to use the existing services can visualize what will be required because of the advent of jumbo jets. If the spokesmen of the Department of Transport are talking about these things, they make some sense. When you refer to the users of class 3 airline services, as this bill does, and put them in the same class as users of class 1 services it should be apparent, even to the minister from a metropolitan region of Ontario who is piloting this bill through the House, just how absurd and ridiculous it is.

I could bring into this chamber a whole stack of correspondence from my constituents. They invariably argue about airlines rates. I received one letter recently which was generated by the air transport committee. My constituent documented evidence in support of the fact that in some parts of Canada you can travel 2,000 miles by air for what it costs my constituents to travel 200 miles by air. This means that the people who are travelling 200 miles between small communities in my constituency have to pay the same tax as those who travel by air from Vancouver to Winnipeg.

The operators using small planes have a greater understanding of this situation, and they point out that the economics of their operation is such that it is essential the rate per mile be greater. This is particularly so of a plane carrying passengers on a route with stops at 20 mile intervals, when compared with one operating on a 2,000 mile route with no interval stops and carrying ten, 15 or 20 times the number of passengers.

The more one examines this principle of a percentage tax levied across the board on the amount paid, the more apparent it becomes that this bill is a completely inequitable approach when dealing with a problem for which most members of this House have sympathy. This problem was outlined previously by the Minister of Transport. Apparently the Minister of Transport has suggested to the cabinet that there is a case to be made for a user charge in respect of the rising cost of providing and maintaining terminal facilities

for those travelling by air. One could repeat the suggestion that by and large it is the well-to-do element of our population which travels by air, and this is generally true if one ignores those areas of Canada wherein people have no alternate method of travel no matter how wealthy they are.

Let us consider the man who must take his children 200 miles to the dentist, as compared with the man who can get on a streetcar, travel by highway or by train: keeping this in mind, it should become apparent to hon. members that this Bill is not the answer to the problem of meeting the rising costs of air terminal facilities in Canada.

I was a member of the northern affairs committee which made the first trip across the Arctic. I understand the committee has made two or three visits since then. Anyone who has travelled across the Arctic is aware of the feeling of the people of the north regarding transportation costs.

I have listened to many statements made in this House by the minister which indicated it will be a long time before there is another avenue of transportation available to people who live and work in our northern areas. I see the hon. member for Fort William is in his seat. He was the chairman of the committee which first travelled across the north. I hope before this discussion ends he will confirm the truth of what I am saying. We heard one recurring theme regarding the opening of the north: it was in relation to the need for considering the high cost of transportation of goods and passengers in that area. In spite of that, what is this minister asking the House to do in this bill? He is asking us to add a flat rate increase of 5 per cent to the cost of travel for practically all those people who live in the 35 per cent to 40 per cent part of Canada which is north of the provinces.

• (4:00 p.m.)

We listened the other day to a discussion about constitutional development. There was a debate on it in the House. There are pros and cons in respect of that subject. This point has no direct connection with the subject matter of the bill, but I would point out that if the government intends to pursue this kind of direction in its taxing policies, the question of the constitutional development of the north is apt to become rather academic because no one will be able to afford to live north of the 60th parallel. These are the types of issue which appear in this bill which the minister thinks is a rather simple method of raising revenue in order to meet the rising cost of the

[Mr. Barnett.]

provision of airport facilities, terminal and otherwise, by the Department of Transport.

I could spend some time explaining that many people, certainly those in my constituency, receive from the Department of Transport very little in the way of services. I realize that the carriers are licensed by officials of the Department of Transport who presumably enforce the regulations to ensure that planes are safe, and so on. I am not denying that the operators and users of planes flying on class 3 routes around the coast do not receive some benefit from the operations of the Department of Transport. Those, however, are not the costs which have been referred to by supporters of the government; they mentioned the increased cost of major airport terminals.

Mr. Gray: On a question of privilege, Mr. Chairman, may I say that I said, not once but several times, that the yield of this tax is to be applied not simply to the cost of major terminals but to the whole range of services provided by the Department of Transport in the field of air transportation.

Mr. Barnett: I heard the minister say that. He said that terminals and other air travel facilities provided by the Department of Transport were to be covered. But the genesis of the idea of a user charge providing additional revenue was in a debate in this House about the rising cost of air terminal facilities. I am sure the minister was in the House when that discussion was taking place. It was not too long ago. If he does not believe me, let him consult *Hansard* or the president of the Canadian Transport Commission. I am sure the gist of what I am attempting to put before the House willl be verified by Mr. Pickersgill.

Mr. Chairman, I was about to say I recognize that some of the services provided by the Department of Transport are for people who use class 3 licensed carrier routes, to take an example of one of the classes which is included. But by and large in my area, and over a large part of Canada, this type of plane flies under visual-flight rules. In most cases there are no terminal facilities. In some cases, so far as float-type planes are concerned, there are little docks which can be used by the public.

I see in the House the Solicitor General, who is a former minister of transport. He might recall my showing him one of these floats in my constituency when he opened a terminal at which jet aircraft have landed although it is not a jet aircraft terminal. There are some facilities provided, but I am

sure the Solicitor General would agree that these are rather primitive and inexpensive facilities. These are the facilities provided to the people who under the terms of this bill will pay the most per capita for their air travel.

As this bill is drafted, the people who receive the least will pay the most. I submit that the minister ought to concede this is not a fair principle of taxation to apply to Canadians or, for that matter, to any other people. I hope the minister will take some of these matters into consideration. I recognize this is a rather unusual bill because it will not go before a standing committee of the House. It is the kind of proposition which should be studied by a standing or special committee of the House so that those most concerned in its details or application could make their voices heard. I have simply attempted to bring out some of the facets of the bill as it now stands. This measure will affect a very large percentage of the people whom I represent in this House, people who have no means of travel other than air, which is a very expensive mode of travel.

Mr. Lundrigan: Mr. Chairman, I should like to ask a question of the minister in respect of this clause. The minister indicated certain carriers which will be exempt from the tax. Having listened to the hon. member for Churchill and the hon. member for Comox-Alberni I am more convinced than ever that a large number of people in areas in which air transportation is the only means of transportation will bear the brunt of the tax burden. I am sure the officials of the department have made surveys. Would the minister indicate what surveys have been made in respect of the towns and communities in Canada which have only air services? I am thinking of places like Lac-la-Biche in Alberta, Wabush in Labrador, and Newfoundland which depend heavily on air transportation.

In Toronto, for example, a person very well might not find it necessary in his lifetime to spend five cents on air transportation, but any one who lives in Wabush has no alternative. If people in that area wish to move, they pretty well have to fly. I visited Lac-la-Biche, Alberta, a few months ago. If I am not mistaken, air travel is the only means of transportation to that growing community. We will assume that the bill did not grow out of a vacuum, and that the government has investigated the impact of this legislation and has ascertained who will pay the tax and in what amount. What surveys have been made of areas which have only air transportation, and how much in the form of generated revenue will these people pay per capita?

Mr. Gray: Mr. Chairman, I do not think the studies which led to the proposal in the budget speech, and the studies which followed it when the bill was being prepared, were carried out in exactly the form suggested by my hon. friend. I can assure him and the hon. member for Comox-Alberni that the bill was not drafted in a vacuum. I understand that prior to the bill being put in its final form for presentation to the House there was consultation with the Air Transport Association of Canada, which represents a very substantial number of carriers of various types in Canada.

• (4:10 p.m.)

There were consultations with major Canadian airlines such as Air Canada and CPA. There were consultations with the International Air Transport Association and also with officials of the Department of Transport who, I presume, would be reasonably well informed about matters connected with air transport in all parts of the country. So far as determining the impact of the tax is concerned, since it is a percentage tax, and *ad valorem* tax, it is easy in one way to determine it by applying the percentage to the cost of a ticket. Therefore, anyone can determine the impact on a person travelling from any particular point by applying the percentage. I do not think the studies with respect to the bill were developed on a per capita basis, at least those that I am aware of, but rather were along the lines I have outlined.

While my hon. friend and the hon. member for Comox-Alberni were speaking it occurred to me that in considering this situation there is some relevance in the situation now faced by those who travel by car. People who travel by car have to pay a tax on the gasoline they purchase. I could not compute it exactly while sitting here, but it would certainly be in excess of 5 per cent of the price they pay per gallon, and the farther they travel, the more gallons they buy and the more tax they pay.

Mr. Lambert (Edmonton West): Yes, but that is a road tax.

Mr. Gray: Yes, but just a minute. Therefore, if Parliament accepts the proposal for this tax, people will be paying a tax on the amount they have to pay for the ticket they buy to travel by air, including those who cannot travel in any other way; but here they

will be paying a lesser percentage than people who travel by car and who have to pay a certain percentage on each gallon of gas they use. I do not know if this example could be taken as a complete answer to the points raised by my hon. friend, but it appears that it might have some relevance in our study of the matter.

While I am on my feet I want to assure my hon. friend from Comox-Alberni that while discussions at other points in time before this committee or other committees of the House itself may have dealt with airports in particular, I am informed that the intent in dealing with the proceeds of this tax to take into consideration not just airports but also the other operations of the Department of Transport as well in the air services field. And as I believe my hon. friend himself said, while people in his area might not get exactly the same benefit as people in other areas from expenditures by the federal government on the construction of airports, certainly benefit from the services of the department in the field of air services administration, control of civil aviation air traffic control, radio aids to air and marine navigation and meteorological services. So even though they may have to fly in float-planes which weigh over 18,000 pounds and they have to pay this tax, they will benefit from the services I have outlined and will benefit increasingly to the extent these services are expanded.

I am not unmindful of the suggestion the hon. member has made in an informative and constructive way, and I will bear it in mind in any consultation with the departmental officials. One should not look at this matter simply in isolation, in terms of airports and runways alone, but in terms of services to air transportation provided by the Department of Transport.

Mr. Baldwin: Mr. Chairman, yesterday I raised the question of the automobile as a comparison to decide whether there is an equitable basis for the imposition of this tax. I think we are all agreed that there can never be complete equity in taxation, but it is our objective to try and arrive at a position as close to equity as possible.

As recorded at page 1242 of yesterday's *Hansard*, the minister said:

> In the budget statement the Minister of Finance said that a further measure of budgetary significance arises out of a general policy to ask those who benefit directly from a service or facility provided by the government to pay charges more in line with the direct costs involved.

[Mr. Gray.]

He went on to quote the words of the Minister of Finance as recorded at page 9420 of *Hansard* for last session, as follows:

> It is well known that our expenditures on the construction, equipment, operation and maintenance of airports and other air transport facilities are now very large. In the last fiscal year they are estimated at $73 million. The revenue we obtain from user charges, rents, etc. of one kind and another related to airports and air transport facilities is far less—only about $41 million—

Obviously we can think of this proposed $21 million being used to try and close the gap. I suggested yesterday that there is a comparison here with people who use cars, but cars travel on highways. The highway is a facility which is provided by government, and the extent to which the driver of a car uses that facility is reflected in the amount of tax he pays. If he travels 1,000 miles, the amount he pays to one or more provincial governments will be in relation to his travel. But that is not the case with the tax now proposed by the government.

Consider the case of a man travelling between Peace River and Ottawa. His fare could well be in the order of $300, so he would be paying $15 tax and using three airports. A man who lives in Ottawa and makes 12 round trips over a short distance will use airports 24 times but will pay only the same tax, approximately. There is absolutely no equity in this situation.

Apparently the government is saying, "The ability of a person to pay a tax must be measured by the extent to which he can afford to buy an air ticket. If he can afford to pay $300 for a ticket, that is the measure by which we will calculate his tax-paying capacity and we will charge him $15." I may say that the figures which I am using are taken from memory. Short trip travellers will use airports a lot more than long trip travellers. In one case the airport is the facility provided, and in the other the road is the facility provided. But under these circumstances I do not think the same principle applies to both cases.

Yesterday the minister made what I think was his most valid point, at least from the point of view of a government, when he said there would be difficulty in collecting this tax. Maybe so, Mr. Chairman, but I have never found this government to have too much difficulty with its tax imposing capacity and its ability to collect taxes. If it has any trouble with poverty, it imposes a social development tax. If there is a problem with pollution, it will allow pollution or will impose a tax

under the guise of a fee and still allow pollution to continue.

The government produced a white paper to meet inflation dealing with all kinds of taxation. I wonder why the Minister of Finance, who is a real expert on this subject, could not get together with the Minister of Justice and instead of prescribing punitive measures, devise a tax for those who commit crimes or sins. I suggest that we are justified in calling these problems to the attention of the government. It is quite wrong to suggest there is any equity in the imposition of this tax. If the government wants to be quite frank it will say, "The cost of the ticket is a rough yardstick which we will use to measure the imposition of the tax."

• (4:20 p.m.)

I repeat, as I did yesterday, that we are entering an era wherein the people of this country will increase tremendously their use of air transportation. This type of tax will then be unfair and inequitable and will not provide a reasonable yardstick. If the government really wishes to collect additional money for the provision of airport services, it should find other means of doing so.

Mr. Lundrigan: Mr. Chairman, I asked a question of the minister but perhaps he did not understand it. He has been around for a while, he has been the minister of this department for a while and is already becoming an expert in evasive tactics. I am sure he did not want to do this intentionally, but he can skate around things better than Barbara Ann Scott did.

In case he did not get my question the first time, I should like to ask him whether the government has carried out any surveys on who, in fact, will pay this tax. I am not slow enough to think that the answer is that the people who purchase airline tickets will pay. That is not what I am talking about. If there are 20 million people in Canada and $20 million is generated by the tax, we can assume, if the tax is evenly distributed, that the charge is $1 per capita. Who is going to pay this tax? I am afraid the burden will fall upon those who live in isolated areas such as the northern communities referred to by a number of my colleagues, and communities such as Wabush, Labrador, where there is no transportation except by rail, and that is likely to disappear any day now.

Who is going to pay the tax? Is it the school kid in the summertime? Is it the resident in the isolated community who sometimes has to travel hundreds of miles for medical services? Is it the small businessman? I know all these people will be affected. Has the government made any surveys to determine just who will pay the tax? This is a broad question and I intentionally leave it so in order to give the minister a chance to prove to us and the Canadian people that this legislation was not concocted by a few people in the Department of Finance who did not have sufficient knowledge. Unless he proves this I am afraid he will leave the wrong impression with a great many people.

Mr. Gray: Mr. Chairman, I regret that I did not appear to provide an answer to my hon. friend's question in the form in which it was put, but the way he has rephrased it does not make it any easier to answer. He has asked a rather broad question, a general question which touches upon one of the most thorny issues in the whole matter of taxation, the question of incidence—upon whom does any tax ultimately fall?

There could be all sorts of arguments put forward about the burden of direct and indirect taxes, the distinctions between them and what the distinctions should be. We could devote a lot of time to discussing various philosophies of various economic experts, but I doubt very much whether it would be possible to develop studies which would provide, in any really meaningful way, information of the type my hon. friend is seeking.

Although it may not appear so at first glance, it would seem to me that the people who travel by air most frequently are not necessarily those living in the most isolated areas. Some people who live in the most urbanized, built-up areas travel a great deal in the way of business. Those of us who travel by air from Ottawa every week so often see the same businessmen, or at least the same faces, on the plane all the time. All sorts of people travel in connection with their employment. It is not safe to assume that people from isolated areas are always the most frequent travellers. I regret that I may not be in a position to respond to my hon. friend's question in terms he would like, but I believe this is because we are getting into the area of taxation philosophy more than anything else.

My hon. friend from Peace River mentioned that residents of that area may be in a worse position than someone who travels between

Toronto and Ottawa 20 times. He states that the person from Peace River would pay $300 for his ticket but it seems to me that the person who travels between Ottawa and Toronto 20 times would surely pay more; the person making such great numbers of short trips of this kind could pay at least $400. The percentage of tax in the total cost of his ticket would amount to more than that for the person from Peace River.

As my hon. friend says, equity is a very difficult problem when constructing any type of tax. After considering all the problems and difficulties, it will be found that the method we are proposing to the committee is the best and most appropriate one for dealing with them.

Mr. Lundrigan: Mr. Chairman, I am still not satisfied with the information the minister is giving me. He is telling me, and I am sure—

The Chairman: Order, please. I was extremely lenient, but the hon. member rose on a point of order and the procedure I had in mind was to recognize the hon. member for Comox-Alberni and then revert to the hon. member for Gander-Twillingate. However, I allowed him to put his question on what I thought was a point of order; at least, that is how it was put to me. Now I should like to return to the original pattern, recognize the hon. member for Comox-Alberni—who apparently is not satisfied with the answer he received, either—and then revert to the hon. member for Gander-Twillingate.

Mr. Barnett: Mr. Chairman, I have often been dissatisfied with answers given me by ministers. However, I should like to pursue the question a little further with the minister before making any comment. I want to understand the picture clearly. The minister made several references to the fact that this tax would not apply in respect of the operation of certain classes of planes, provided their weight did not exceed 18,000 pounds. With regard to the proposed section 8 of Part II, in which the definition of a certified air carrier is set out, am I correct in assuming this means a certified air carrier will be required to collect a tax on all air fares, including all operations under class 3.

Mr. Gray: Yes, Mr. Chairman.

Mr. Barnett: Am I also correct in assuming that where it makes reference to class 4 and groups AA and A under that class, it refers to charter flights using planes of a weight greater than 18,000 pounds?

• (4:30 p.m.)

Mr. Gray: Yes, Mr. Chairman.

Mr. Barnett: Mr. Chairman, I thank the minister for his answers, because they underscore the argument I advanced earlier about the way this tax would be applied. Clearly, those who receive the least service from the department will pay the most. If all class 3 aircraft services are to be taxable on the basis of the fare the user pays, it surely is obvious that many people who use no terminal facilities will be paying the tax. Granted, those people are getting some of the other services to which the minister referred. On the other hand, class 1 services, which I assume will carry the largest number of passengers in Canada because they are usually operated over longer distances and with larger aircraft, will have at their disposal the full range of the department's facilities. In other words, anyone using these services will be paying very much less per mile of air travel.

I will not comment on the argument advanced by the hon. member for Peace River about the number of times such people will use an air terminal in the course of a journey. I merely emphasize that those using class 3 services will make very little, if any, use of airport or terminal facilities. In some cases such people initiate a journey from a terminal and sometimes they end a journey at a terminal, but very seldom does their journey begin and end at a terminal.

The minister was trying to draw a parallel between the user tax in question and our gasoline tax which helps to pay for our roads and highways. I will not pursue that argument to an illogical conclusion. I am merely saying that in this particular situation—we are talking of air travel—it costs more to drive a Volkswagen or Datsun than it does to drive a Cadillac. I hope the minister appreciates my point. It is made to show the fallacy underlying his argument, because he argued that there is very little difference in principle between the gasoline tax and the tax being imposed by this bill.

His point was that, roughly speaking, within limits it costs so much a mile to drive a Ford and so much a mile to drive a Chev. But I am afraid that principle does not apply to people who travel by air. That is the point I am trying to make. In other words, the tax of 5 per cent on the fare will not provide

equality of cost per mile of air travel By trying to draw a parallel between the gasoline tax and the tax we are now considering, he underscored the argument I was making.

The minister told us that various bodies, organizations and firms were consulted in the drafting of this legislation. May I suggest, and this is not meant to be a criticism, that though airlines and airline organizations are probably concerned about the administrative difficulties of collecting and remitting this tax to the government, their attitude will be, "This is no skin off our nose. We shall simply add 5 per cent to the fare and send that amount to the government." The tax will not cost the airlines anything except that they may lose by being less competitive with other forms of transportation.

I emphasize again that this makes all the more evident the correctness of the arguments some of us have been advancing. This tax will rest most unfairly on those who have no alternate form of transportation, in other words, on those who are captives of the airline carriers and must fly or stay put. I therefore submit that the minister's arguments fall to the ground. If the minister insists on proceeding with this basic approach to taxation, I request him to reconsider the definition of the classes of air service which are to be included under the definition of certified air carrier, in order to eliminate some of the gross inequities of the proposed tax.

Mr. Lundrigan: Mr. Chairman, I wish to pursue the matter a little further because I am sure the minister is not reading me properly or is affected by an instrument malfunction, so to speak. Perhaps I am not hearing him properly, or perhaps a combination of both factors is causing difficulty.

In so many words, the minister has been telling us that the government does not know who will pay the tax. I am generalizing, of course. We heard several statements about the incidence of taxation, where the greater burden of taxation would fall, and had a small lecture on the theories of taxation. Nevertheless, it still seems that the government does not know which Canadians will pay the tax we are discussing. I cannot accept this because I am sure the minister has available to him statistics showing whether people in airport towns, for instance, use airport facilities and fly more often than people who do not live in airport towns. He must have available to him statistics about the amount of flying done in this country, the percentage of that flying which is to be attributed to people living in small, isolated communities where air transport is the only mode of travel, the types of people who use aircraft and air travel facilities most frequently—whether they are small businessmen, students or others—and the percentage of the Canadian people utilizing our air services. I am sure these statistics are available. I am pursuing this matter because I would like the minister to answer my question.

Mr. Gray: Mr. Chairman—

Mr. Lundrigan: Mr. Chairman, I have not yet asked my question. I want the minister to tell me—and I assume that this tax will increase regional disparities in Canada—what impact it will have on those who live in small, isolated communities that must rely on air travel. For example, at Churchill Falls, which will be one of the wonders of the world when it is completed, approximately 6,000 people working there can come to the site and leave it only by air. That is the only mode of travel. They go there from all parts of Quebec as well as from Newfoundland and other parts of the Maritimes. Being normal men who like to see their families, they fly back and forth several times a year. By the end of the year they have flown into and out of the Churchill Falls project at least five or six times and have spent $200 or $300 each time, depending upon whether they are travelling to Quebec, Newfoundland or the Maritimes. I emphasize that these 6,000 people live and work in an isolated community and they can get in and out of the work site only by air.

Surely the minister realizes that some communities rely upon air transport, and that this tax will add to their burden. I am afraid the people who live in isolated communities and must use air services will be paying a great bulk of the $20 million this tax is expected to generate. The government does not know who will pay the tax. How does it expect the 264 representatives of the people of Canada to vote for it? How can the government expect our support of this bill? My question is simple: Who is going to pay the tax?

• (4:40 p.m.)

Mr. Lambert (Edmonton West): Mr. Chairman, I think the minister has missed one point. As was pointed out by my colleague the hon. member for Gander-Twillingate, for people in communities such as Churchill Falls, Yellowknife, Inuvik and all the areas of the north the rate structure is much higher than it is for those in the southern part of

Canada. The air mile rate for tickets is much higher. I know this because I have flown into the Northwest Territories. When flying an equal distance on the prairies, the rate is much lower.

The people in the north have no other means of transportation, so the government says, "Sock it to them". I know that phrase is loved by some people on the government side. I am speaking of the people in the frontier areas, which we are trying to develop and where there is no other means of transportation. I invite hon. members from central Canada, who may have just a nodding acquaintance with this subject, to place themselves in the same position in order to see what their reaction would be.

I suggest a far more equitable tax would be a flat rate departure tax, the mechanics of which could readily be worked out. We would then have a much wider base. The citizens of Inuvik, Fort Norman, Fort Simpson and Yellowknife pay a proportionately higher tax because the government insists it wants to use this administratively easy 5 per cent tax figure. It is on behalf of those people that we want to fight.

We are glad to see the minister has been able to explain that much of the flying activity in the north and our frontier lands will not be subject to this tax by reason of the type of aircraft in use, but the scheduled passenger services into these areas are definitely caught by the tax. The Pacific Western service which operates in the Mackenzie River valley to Rankin Inlet, north of Yellowknife, is an example of this. This argument also applies to airlines flying into Labrador and Churchill Falls. I cannot understand why the government is insisting upon loading onto these people an additional proportion of the tax burden. They have a tough enough time as it is. I invite hon. members from the government side to visit these areas to see just what they are like.

Mr. Skoreyko: Mr. Chairman, I wish to ask the minister a few questions. Like the hon. member for Edmonton West, I am concerned about the situation regarding the Northwest Territories and what this tax will do to those people whose only contact with the outside world is the airlines. For instance, if we look at the fare from Edmonton to Inuvik we see that it is somewhat more than the fare from Edmonton to Ottawa, and yet there are other means of commuting between those last two cities. If you go into the north country, the only way you can travel is by air.

[Mr. Lambert (Edmonton West).]

I know the minister has attempted on a number of occasions to answer this question, but I ask why he needs this additional revenue. Some years ago $32 million was spent in the city of Edmonton on an airport facility, yet on almost every occasion a foreign carrier applied for permission to use that facility, the Air Transport Commission placed obstacles in the way of their use of it. I do not know whether this was designed to protect Air Canada, but I do not think it is fair.

I think the proposed 5 per cent tax is both punitive and discriminatory. It is punitive in the sense it penalizes those people who have to rely completely on air services. I refer primarily to the people of the north. It is discriminatory of certain sections of the country, for instance western Canada where the entire business community must of necessity communicate with Toronto and Montreal where the manufacturing establishments and financial institutions are located. Travel to these points is a necessity; the air fare is high, and this tax will not help the businessman who was slapped recently with a 3 per cent surtax. The white paper indicates he is going to be whacked again. I ask the government when it is going to get off the tax spree we have been on since the last election.

I want to point out once again that most of the burden of this tax will penalize those people who in a year or two will be penalized under the taxation measures proposed in the white paper. I think the most equitable way of raising the revenue that the government seems to need is, as the hon. member for Edmonton West pointed out, by way of a departure tax of $1 or $2 a head on those travelling from the airport terminal.

A year or two ago the international airport in Edmonton imposed $1 a head charge for every passenger using that facility. Nobody complained about it. A great number of passengers use the air facilities across Canada, and they could provide sufficient revenue to meet the minister's requirements. Such a tax would be more equitable than the 5 per cent tax proposed by the government.

I wish to ask the minister one more question: Why is it that on top of the recent increase in Air Canada fares the government is going to impose an additional 5 per cent? The economy air fare from Edmonton to Ottawa used to be $96 and it is now $106. I feel the small businessman who must of necessity travel to eastern Canada is being penalized rather unfairly. Does the minister not agree?

Mr. Harding: Mr. Chairman, there are one or two questions I wish to address to the minister and a few comments I would like to make. The minister indicated earlier there would be no charge in respect of certain types of aircraft weighing under 18,000 pounds. I did not quite catch his comments with regard to helicopters. I wonder if the minister could tell us when charges will be levied against those chartering helicopters, and whether the weight classification also covers this type of aircraft. Would the minister give us that information at this time?

Mr. Gray: Mr. Chairman, I pointed out a little earlier in the discussion that excluded from the definition in proposed section 8 would be the type of air carrier that is in class 4 of the air regulations, but not in groups AA and A. These are carriers authorized to operate charter services in Canada by means of aircraft with a maximum authorized take-off weight of less than 18,000 pounds. I am informed that this would exclude from the definition of air carrier virtually all helicopters now in use. There are certain other classes of air carrier which I read into the record earlier, and I presume that in so far as helicopters may come within those classes, they would also be excluded.

• (4:50 p.m.)

Mr. Harding: I should like to thank the minister for that explanation. There are a few points I should like to raise in connection with the bill generally. Again, it would seem to me that the proposed tax has no truly equitable basis. It does not relate to distance travelled but directly to the rates which are charged. Other speakers have drawn attention to this point. I should like to do so, also, and to object to this unfair method which is particularly disadvantageous to people living in the northern areas, in the rural areas and to those travelling on the short runs.

Within the last month we have had an unhappy experience in my riding—a 30 per cent increase in the rates charged by local carriers. This increase was authorized by the air transport committee which felt, I presume, that the company had to be granted an increase in order to carry on. However, it has resulted in our rates being much higher than those charged by the national carriers. This is the point. Here we find a sharp increase affecting northern areas, and we find similar increases affecting the north generally, for a variety of reasons: there is a smaller population on which to draw, and it is much more difficult to take passengers into these out-of-the-way places. The people affected by these higher rates are the ones we are hitting right between the eyes with this tax, and hon. members who represent them have every right in the world to protest it.

As the hon. member for Gander-Twillingate has just asked: Who gets hurt most? It is the people in the outlying areas. Those who live in the cities where all the facilities exist, all the good facilities as far as airports are concerned, would pay the least tax under this proposal. Not only do those who live in urban areas have better facilities, but they have better means of communications generally as well as better landing fields, better means of guiding the aircraft to the landing fields, and so on. I suggest to the minister that he go back to the department and look for a better method of applying taxation to those who use air transportation, if he is in favour of a system of just taxation. After all, this is supposed to be a just government heading for a just society.

There are one or two other points I should like to make. First, will the minister tell us whether the department has computed the cost which would fall on the government's own resources if this tax were approved? Will cabinet ministers, government staff and public servants generally be excluded from payment, or will the tax be levied on their fares and charged to the treasury? If an inquiry on these lines has been made, would the minister tell us the estimated cost of the tax to the government itself? Is there to be any charge levied, for example, in connection with fares paid by personnel of the Armed Forces who use air facilities? These are questions which the minister should answer this afternoon.

Earlier today an hon. member made what I thought was a good pitch in favour of a monopoly as far as Air Canada is concerned. I thought he put forward a strong argument. We as taxpayers pay the entire cost of building airports and constructing facilities all over Canada.

I now turn to another question which has been raised this afternoon; I understand the minister intends to inquire into it. A whole host of private operators from one end of Canada to the other use the facilities at our airports. Where do they come into this tax picture? I submit that if we levy a charge on the poor Joe who has to ride on a plane, then, by golly, the others who use the transport facilities should also be charged. When does

the government expect to look into this aspect of airport charges?

Again, in closing, I assert that this tax amounts to rank discrimination of those who live in the outlying areas and those who have to take small hops within a locality, one reason being that air fares in these regions are much higher in proportion than they are on the longer runs. I do not know how this tax can possibly be called a fair one. I would appreciate the minister's comments on the question I raised with regard to the cost which this tax would impose directly on the government.

Mr. Bigg: Mr. Chairman, it seems this is another example of the government making up its mind first and then bringing legislation forward and expressing resentment, almost, at the fact that we should have any opinions on the matter at all. The minister should welcome suggestions from this side of the House. From the information we have been given so far, the picture is still far from clear. It is obvious that almost every speaker who has risen on this side of the House feels that the tax proposed is discriminatory. Surely there are alternative methods of raising the $20 million or so which this tax is expected to produce.

The last speaker suggested—and I must agree it is a valid suggestion—that we might tax the airlines themselves on the basis of a percentage of the business done. If the airlines want to pass the tax on to the customer in a certain way, perhaps by way of a general increase in fares, perhaps on a per capita basis, I would say they know the air transport business better than any of us here can hope to do. Those who really use the airports are the people who run the airplanes, the people who own them. I think it would be a better plan to tax these direct users on the basis of a percentage of business done. It is obvious that if this course were followed the deep pocket would pay. On the other hand, the companies which would pay most would be those which were doing the most business. It might seem that under this proposal Air Canada would have to pay a lot of money. But Air Canada, as we know, is a Crown corporation and it would only be taking money out of one pocket and putting it into another.

There is a good case for competition, too, between airlines. As I said last night, the aviation industry in Canada is behind the times. Canada should be served by any airline that wishes to do so. Aviation has no place for monopolies; what is required is healthy competition, which itself would benefit the airlines and enable us to raise the extra revenue required.

• (5:00 p.m.)

The middle income people of Canada are already carrying a crushing burden of taxation, and we are asking them to tighten their belts and buy Canada back. How in the world can we buy Canada back when practically every month the government brings in a new measure of taxation which is aimed at the hard-working, middle-class people of Canada? I do not like using the word "class" but it is thrown at us all the time. My hon. friends to the left are always talking of class warfare; and although those opposite do not talk about class warfare they practise it. At the present time this warfare is directed at the $6,000 to $12,000 wage earners of Canada who are being asked to shoulder an increasing taxation burden. I suggest we are killing the goose that lays the golden egg.

In one of the few explanations the minister has deigned to give us, he said that some of the aircraft used in the north will be below the weight limit that has been set. I think a fairer way to levy the tax would be to tax the fare-paying passengers, rather than set a weight limit for aircraft. Take the case of the aircraft that carries both freight and passengers. The weight of the freight might put the aircraft above the limit, and in addition the fare-paying passengers would be subject to the tax. As a result miners, prospectors or our native people would be discriminated against.

If a tax of this sort must be imposed, then the simplest way to levy it is to tax the airlines. As I have said, many airlines want to use Canadian airports, and I can refer the minister to hundreds of letters I have received in this regard. These airlines would use facilities at the airports which our taxpayers have already paid for, and taxing these airlines would distribute the tax burden a little more fairly. A tax that is based on mileage would impose a heavy impost on a family man moving from Halifax to Yellowknife. He would be required to pay five or six times as much tax as the businessman who goes north to make $1 million from oil exploration or something of that kind, and I do not think this is fair.

Neither do I think the minister's explanation that such a tax would be hard to compute is valid. The head of a family could buy all the tickets in his own name, pay the tax

on his own ticket and take his wife and children tax free. The same method could be used with students. It is ridiculous to allow a student to travel at the student rate from Halifax to take a law degree in Vancouver and then expect him to pay what I suggest is an exorbitant tax. Let us be consistent. People like students, old age pensioners and members of families could easily sign a form to exempt them from the tax when they pick up their tickets. At the end of the month the airline would merely have to calculate how many full fares and half fares they had collected, and pass on the tax to the government.

The minister should find these suggestions welcome. In any event I would ask him to let his colleagues know that we in this House are getting a little tired of the government bringing forward items of legislation for the consideration of the House, having already decided to accept no amendments. I am sure hon. members have noticed how few suggestions are made by government members.

If our proposals are not satisfactory, then we should be told why. If the government thinks students do not require special consideration, that old age pensioners do not require special consideration or that those in the north who are pioneering this country do not require special consideration, the government should explain its position. We on this side feel very strongly that these groups do require special consideration.

The mere excuse that something would be hard to police, or that the bureaucrats should not be expected to count noses, is no excuse at all. There are some 500,000 or 600,000 bureaucrats chasing each other around in circles in Canada; I suggest a few of them busy themselves trying to make sure the tax burden falls on the right shoulders. If that were the case, I would feel a great deal happier about the imposition of this tax.

Mr. Crouse: Mr. Chairman, the minister is obviously batting on a very sticky wicket this afternoon. He has been asked a lot of questions and his answers have been somewhat vague. I cannot let this measure pass without raising objection to the imposition of this 5 per cent tax, since it will work its greatest hardship on people in areas that are already suffering from regional disparity.

As was quite well pointed out by my colleague the hon. member for Gander-Twillingate, the burden imposed by this tax on workers at Churchill Falls or those in the remote areas of Canada will be exceptionally great. What the minister has not yet told us is how much money he hopes to raise by this measure, or how much money the government really needs. For example, I read in the November 24 issue of the *Financial Times* a statement to the effect that heavy expenses face our airport planners today; that initial cost estimates for the new St. Scholastique airport outside Montreal run to about $400 million; that Toronto's new airport can be expected to cost about the same and that there are varying estimates for creating new ground facilities in other major centres.

If this tax is to be applied against the cost of the Montreal and Toronto airports, then I fail to see the logic of imposing additional taxation on those who live in the remote areas of Canada to pay for the construction of new and expanded facilities in what is really the golden horseshoe of Canada. In my own native province of Nova Scotia the people have been literally trying to pull themselves up by their own bootstraps. Since 1956, through the efforts of Industrial Estates, we have been able to encourage 60 or more new industries to locate in Nova Scotia.

• (5:10 p.m.)

These new industries must of necessity travel to the central areas of Canada in order to obtain the business needed to keep them growing and expanding. What the minister and the government are doing by imposing this tax on these industries is increasing their cost of doing business. I must raise objection to this measure because I think it is unfair and, to use a term that is much overworked, very unjust.

This measure will obviously place a heavier tax burden on industry than we have yet seen this session. I wonder what plans the minister has in respect of the air industry of Canada. Does he intend to expand airports in some of our remote areas, or is the money to be raised by this new imposition to be utilized only in Montreal and Toronto?

Will similar charges be made in respect of light, private club aircraft? We on this side can only look with trepidation at the attitude of this Government which, having taxed us to the limit to provide airport facilities, is now going to increase our taxes in order that Canadians may utilize the facilities. I believe that the government should withdraw this 5 per cent measure and consider making a flat charge on everyone across Canada who is using air services. This would seem to be a fairer means of distributing the cost of airport expansion. In the minister's reply I hope

he will give favourable consideration to this suggestion.

Mr. Skoberg: Mr. Chairman, I should like very briefly to pose a question to the minister. Earlier in the day he suggested that this tax covers a whole range of services. We can appreciate that if it is the intent of the bill. I should like to ask him to inform the committee whether his department has had any consultation with other departments in so far as the correlation of rates for air services is concerned.

Yesterday we had the opportunity of hearing representatives of certain airlines who appeared before the Standing Committee on Transport and Communications. They admitted that the rates on short runs were some 40 per cent more than the rates for the same services on other legs of scheduled runs. I suggest that the people who must use these scheduled runs have from this government no protection as users or consumers of the service.

It was my impression that when rate schedules were published and filed with the Canadian Transport Commission and the air transport committee their members looked at the rates and considered whether they were justifiable and in line with general marketing practices in Canada. Instead I find that there is absolutely no consideration by the Air Transport Committee in so far as rate schedules are concerned. All an airline has to do is publish its rates and they are then filed with the Air Transport Committee; no consideration is then given as to whether the airline is charging an exorbitant amount on a particular leg of a flight.

The minister should let this House know whether his department in presenting this user tax has considered it in consultation with other bodies, particularly the Department of Transport and the Canadian Transport Commission. This government should become the protector of the consumer by limiting the rate schedules that can be charged by respective airlines.

We have heard a great deal about supply and demand. This point was brought out yesterday at the hearing of the committee; it was suggested that there is no such thing as control on price unless an individual complains, when possibly an investigation would be held. The hon. member for Gander-Twillingate and the hon. member for Grand Falls-White Bay-Labrador made it very clear that the rates being charged in their area of the country are not in line with those charged in other areas. If this government is concerned about consumer cost it should inform the House whether it is prepared to protect the users of airlines.

The government should be directly concerned with the 5 per cent charge embodied in this bill, and it should indicate whether during the drafting of it other government departments were consulted. It appears to me that one department of the government has no knowledge of or much concern for the operations of another department. Before introducing this bill the minister should have considered the cost to the consumer of the original air schedule in various parts of the country. This increase of 5 per cent imposed on people already paying higher rates will have a considerably greater effect than it will have on those now paying lower rates.

The minister stated previously that private planes were not included within the scope of the bill. It is amazing to me that when dealing with the bill the minister did not indicate whether private planes landing and using services at public airports would have to pay the additional charge. Surely if the consumers or users of this service will now have to pay an extra 5 per cent, those with private planes using the whole range of services to which the minister referred should expect an increase in the cost of these services. The minister passed this off by saying that someone else will look after it. Does he not have an obligation to include in the bill people who have private planes and use these public services? It seems to me you cannot talk about one and not the other. Perhaps the minister will indicate whether he has been in contact with other departments about this bill or whether he alone initiated its drafting and introduction.

Mr. Skoreyko: Mr. Chairman, I should just like to ask one question. The minister is undoubtedly aware of the fact that most of the major airlines in the United States have commenced a feasibility study in respect of terminals for giant freighters. He must also be aware that much of the damage to runways across Canada is caused by these types of aircraft. I assume he requires this additional revenue to look after this extra cost to some extent.

Is it fair to penalize the passenger because of an additional requirement for revenue to be used for this type of maintenance? I do not want to create the impression that I feel air freight rates should again be increased, but I

am wondering whether he is prepared to consider the damage that giant freighters will cause in the next few years.

• (5:20 p.m.)

Mr. Gray: Mr. Chairman, the hon. member for Moose Jaw asked whether there had been consultation with other departments. I am informed that there was certainly close consultation with the Department of Transport involving the measure before us at the present time. Several hon. members have asked what private planes are paying and will pay for use of facilities for which we are asking people who buy tickets on certified air carriers to pay. At the present time private planes which use these facilities pay special fees; they pay landing fees and other user charges. In opening the debate on second reading I believe I pointed out that this measure arises out of the proposals in the budget statement of June 3 and is linked with a statement of principle enunciated by the Minister of Finance as recorded at page 9420 of *Hansard* for Tuesday, June 3, and I quote:

> A further measure of budgetary significance arises out of a general policy to ask those who benefit directly from services or facilities provided by the government to pay charges more in line with the direct costs involved. We already obtain about $200 million per annum from such user charges of various kinds—
>
> In some cases these charges have not been recently revised to reflect current levels of costs or values of services, and we are carrying out a systematic review and revision of these charges. We shall probably introduce some new charges as well. In almost all cases this action can be taken under existing legislation.

So it is my understanding that the user charges and fees presently paid by various types of private aircraft which use the various facilities provided by the Department of Transport for air transportation are under review. The purpose of the review is to help ensure that each category of aircraft pays its fair share by way of contribution to the cost of maintaining and expanding these various facilities.

A number of hon. members have made comments which really amount to complaints about the rates being charged by various schedule and non-schedule carriers for transporting people around this country. It seems to me that in passing the National Transportation Act, Parliament decided to delegate to the Canadian Transport Commission authority in respect of regulatory activity in the field of rates for air travel. It is my understanding, although I do not claim to be an expert by any means in these matters, that while airlines must file their rates with the Air Transport Committee of the Air Transport Commission it is also open to those who are not satisfied with these rates to file a complaint.

The result of this would be that the committee would carry out an investigation and if it finds that the provisions of the law in respect of rates are not being followed, then it has authority to suspend the application of these rates. So it would seem to me that those who feel there are grounds for complaint about rates in one area of the country or another should see that any complaint about rate schedules is filed with the Air Transport committee of the Canadian Transport Commission.

Various hon. members have asked about the yield on the tax. The budget statement indicated that the yield was expected to be approximately $20 million. I believe the hon. member for South Shore asked where the money would be spent. It is my understanding it will be taken into account in determining the expenditures of the Department of Transport for the full range of services it provides in the air transport field and not simply in respect of the construction of airports in one or two metropolitan areas of the country.

While, as the hon. member for South Shore said, people travelling from the maritime provinces will pay the proposed tax, once they get to the central part of Canada, they will not only be using the present services of the Department of Transport with regard to air transportation but they will be using the particular airports there. People travelling from the central part of the country to the maritime provinces and other areas to do business of various types will also have to pay the tax. So this proposed tax would not be limited to one particular area of the country or to certain areas of the country alone.

One hon. member proposed that a better way would be to have the tax paid by the airlines themselves. As other hon. members have mentioned, it is likely that this would be passed on to the purchaser of the ticket in one way or another. Some members have already complained that the rates charged for air travel are too high. I think a number of points have been made which have been dealt with in one way or another in my earlier comments. Perhaps I might conclude at this stage by saying to those who argue in favour of a flat rate that this might perhaps inadvertently be in conflict with the argument of hon. members such as the hon. member for

Gander-Twillingate who speaks of people who have to use airports frequently. The more frequently people use airports, the more often they would pay the flat rate.

One hon. member suggested that a departure tax of $1 on each occasion would be sufficient. When one looks at the total number of passengers carried, which is something, if I can recall correctly, in the area of 10 million per year, it becomes evident that the tax would have to be much higher in order to yield the approximately $20 million a year.

Let me assume hon. members that in this type of discussion it is my intent to listen as carefully as I can to the points they raise and attempt to respond in a constructive way. Certainly, however, as the hon. member for Peace River has said, in formulating any type of tax there are problems of equity and no matter what type is considered there are problems associated with it. It is a question of having, to decide on a form which would appear on balance to have the smallest number of problems associated with it and which would be the least inequitable, and in fact most equitable in comparison with other possible measures.

If one is to accept the principle supported by the hon. member for Edmonton West that users of facilities have a special obligation to contribute toward the cost, maintenance and expansion of these facilities, then I submit that on balance the proposals in this bill are those which deserve the support of this committee and the House.

Mr. Harding: Mr. Chairman, I asked the minister a question which he has not answered. I asked whether his department had computed the tax the government would have to pay in respect of this air tax. I have not heard an answer. I imagine that this tax must have been computed, because there are budgetary restrictions in respect of all departments and surely any government which wishes to do a good job with its budget would take this into consideration. I would ask the minister to reply to my question.

Mr. Gray: I regret that in attempting to summarize and put together a response to a vast range of very interesting comments I did not deal with my hon. friend's point. I understand it is not generally customary when developing proposals of this sort to make the computation or analysis my hon. friend suggested. After all, the same kind of point could be raised when one looks at the impact of the changes in the sales tax in relation to purchases by the government.

[Mr. Gray.]

• (5:30 p.m.)

This is a form of consumption tax which is analagous to the sales tax. It would seem to me the point the hon. member has in mind does not have the weight it would otherwise have if I am correct in saying that the total number of civil servants who travel is very small, or relatively small in relation to the total number of people carried by air in any particular year.

Mr. Nystrom: I believe the minister said that the user fees, charges, or whatever you want to call them with respect to private aircraft and people who travel in them are now under review by the government. When does he expect that this review will be completed, and does he expect legislation to be introduced on the matter? Further, when was the last review made of this particular matter? I ask these questions because the users of private airplanes also benefit from the services and facilities of public airports.

Mr. Gray: I understand this review is being carried out in a very intensive and active manner at the present time. While I cannot give the hon. member the exact date, I would expect it would not be too long before the results of the review are announced. It is my understanding that in order to raise the user fees it would not be necessary in most cases, if not in all cases, to have a change in legislation. It is something that can be done by changes in regulations on the basis of authority already given by Parliament.

Mr. Lundrigan: Mr. Chairman, my colleague from South Shore has raised this matter, and the minister has reflected on it but has not given us any conclusive evidence. I know he has talked to his advisers. Can he now indicate the flow of traffic in Canada in terms of air travellers? Is the main flow from the rural areas, which I might classify as the Atlantic region and the northern areas of Canada?

Mr. Gray: Perhaps our discussion illustrates the need for a different way of computing statistics with respect to travel by air and the use of air facilities. Perhaps we should bring this to the attention of DBS. I understand statistics are presently collected on the basis of arrivals at and departures from airports. I do not have these exact statistics with me. It may not be particularly useful to look at these figures for the purpose we are pursuing at this point, because they do not show whether a person leaving a particular airport

lives in an area near it or if he lives in a community near the airport at which he is going to arrive. While the statistics available are useful for certain purposes, I do not think they have been put together in such a way that I can easily answer the type of question asked by the hon. member. I say this not to disparage the question but merely to point out that there may be room for developing statistics in this particular field.

Mr. Lundrigan: Perhaps I am being a bit unfair to the minister to expect him to have at his fingertips the kind of information I have been seeking all afternoon. I would like to say that he has done a commendable job. However, I would ask him to consider my question again with respect to the people who will actually be paying the proposed tax, especially those travelling from rural areas, and communities of a type such as Churchill Falls and Wabush, and can he say what type of passengers they are? This question also covers people from isolated areas in the other northern regions of the country. Would he have some of the experts in his department review these questions and report to members through a circular, detailing the type of persons who will be paying the main burden of the tax? Can he give us this undertaking?

Mr. Gray: I would be very happy to consult with the officials to see to what extent the statistics presently available, or which can be readily gathered, could be used to give the type of analysis which the hon. member is seeking. It would be a most interesting type of analysis and possibly could be useful in many ways. Once I have completed this consultation I will communicate with the hon. member and tell him what I have been able to ascertain. I thank him for his comments. I find it a bit flattering to have him think I might be able to deal with such a profound matter at such short notice, but I will certainly do the best I can under the circumstances.

Mr. Harding: Is the minimum amount that can be charged for an adult $2 on any flight?

Mr. Gray: The proposals actually involve two different types of tax under the same general heading. Most of our discussion this afternoon has been related to the *ad valorem* or percentage tax on travel to points in the taxation area defined in the bill. This is roughly within continental North America. There will be another tax which will be on a flat rate basis, on tickets for travel outside the taxation area, that is to say, travel to points outside continental North America.

Initially it is proposed the tax would be in the amount of $5 per ticket, but the Governor in Council would be given the authority to reduce the tax below that amount if the United States Congress passes a bill of the kind which is presently before it, which would give the United States government the authority to impose a similar tax on international flights. By giving the Governor in Council this authority we would make sure we would not be imposing a tax that would be much different from that of the United States, because if the tax in the United States were very much lower it might have the effect of encouraging Canadians to go to that country and begin their travels abroad from there rather than using Canadian carriers.

Mr. Harding: In my area we have several very short hops. One is from Castlegar to Cranbrook. The fare used to be $10. Then the Air Transport Committee increased the fare by 30 per cent. A 5 per cent tax on this fare would be 65 cents. Does the minister mean to say we have to pay a $2 tax for that short jump?

Mr. Gray: Absolutely not, Mr. Chairman. The tax on tickets for transportation within Canada, or from Canada to the United States and back again, would be a percentage of the price of the ticket, and if 5 per cent would come to 65 cents that is what the tax would be. The minimum amount would apply only with respect to flights from Canada to points outside continental North America.

The Deputy Chairman: Does that conclude the study of paragraph 8?

Some hon. Members: Carried.

Paragraphs 8 and 9 of clause 1 agreed to.

The Deputy Chairman: Shall paragraph 10 carry?

Mr. Lambert (Edmonton West): Let us have the yeas and nays.

Mr. Bell: What do you think we have been waiting for?

The Deputy Chairman: Order. I understand the paragraphs are not carried.

Mr. Lambert (Edmonton West): Yes, they are. That is the understanding.

The Deputy Chairman: The understanding was that we would carry clause 1 at the end of the study of its various parts.

Mr. Lambert (Edmonton West): I am sorry, Mr. Chairman. The understanding was that we would carry each part, and that we would carry them as we go. This was the clear understanding.

Mr. Gray: Mr. Chairman, perhaps we should have taken a moment to raise this matter again when Your Honour were called upon to occupy the chair. My hon. friend is quite correct; this is something we had agreed on at the opening of our discussion.

• (5:40 p.m.)

Paragraph 10 of Clause 1 agreed to: Yeas, 54; nays, 52.

Paragraphs 11 to 17, inclusive, of Clause 1 agreed to.

On paragraph 18—*Regulations*

Mr. Lambert (Edmonton West): I have one question on paragraph 18, Mr. Chairman. It gives power to the Governor in Council to pass regulations. Would the minister kindly inform us, in respect of subparagraph (c), what is the intention or the purpose of the power of exemption of any group or type of transportation?

Mr. Gray: Mr. Chairman, this provision is necessary because of the complications inherent in describing who shall be liable for collecting the proposed tax, and to avoid problems of possible double taxation, and so on, because of the existence of similar taxes in the United States on flights going between the two countries. It is generally considered advisable to have this power to deal with enforcement complications, which may arise in the application of a new and previously unknown tax. I think that is about the best way of summarizing some of the purposes of the proposed new section.

Paragraph 18 of clause 1 agreed to.

Paragraph 19 of clause 1 agreed to.

Clause 1 agreed to.

Clauses 2 to 7 inclusive agreed to.

Title agreed to.

Bill reported.

Hon. Herb Gray (for the Minister of Finance) moved that the bill be read the third time and do pass.

[Mr. Lambert (Edmonton West).]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I make no apology for speaking for some time at this stage of the bill. This is a tax bill carried forward from the last June budget. The participation of hon. members on all sides has demonstrated the opposition of this tax. There have been many arguments advanced for it, but with the greatest respect to the Minister without Portolio (Mr. Gray), we still do not accept his argument that an *ad valorem* tax is a just type of tax for this particular purpose.

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): This is the crux of the matter. In the discussion on paragraph 8 of clause I the minister tried to alleviate some of the concern expressed for those in remote areas and some of the smaller services, but he has not in any way contributed to the justice of the government's position with regard to people in isolated areas. As far as the government is concerned, one would think that air travel applied only to central Canada and the cities on the southern plains. But air service is important to people in the developing communities of this country, the Northwest Territories, Yukon, Labrador, northern Quebec and northern Ontario, where the sole source of effective transportation is by air. We all know that the rate per air mile is higher for these people than those in the southern parts of the country and central Canada. The application of an *ad valorem* tax merely increases the burden on these people.

• (5.50 p.m.)

As you know, Mr. Speaker, the citizens of Yellowknife and communities down the Mackenzie River and on the Arctic coast are not serviced by small aircraft which are exempt under clause I, paragraph 8(a) of the bill. These people use regular services. For instance, Quebecair goes all the way to Churchill Falls and Pacific Western Airlines goes down the Mackenzie River and out to the Arctic coast. Jet aircraft are used. All these services are being caught by this provision.

I am not saying they should be totally exempted, although some of them might argue they should be because of the increased cost of living in remote areas. Let me assure hon. members that the cost of living in those areas is fantastically higher than it is here because of the enormous cost of moving goods into remote settlements. Yet here, from our comfortable pew of southern Canada, we are telling these people, "We are going to add

another cost; you will have to pay a 5 per cent tax on your air passenger tickets."

The minister tried to use all sorts of arguments against a flat rate departure tax. I tell him, Mr. Speaker, that a flat rate departure tax exists in this country and is levied in connection with the only air bus system operating in this country, that is between Edmonton and Calgary. At the municipally-owned airport in Edmonton the Department of Transport charges the city airport authority for all the services it provides to the airport in so far as take-off and landing guidance systems, and what have you, are concerned. There a flat rate of $1 is charged and people are quite happy to pay it.

Those using that airport do not have to pay for parking because the municipal airport authority allows free parking. On the other hand, if you go to the international airport in order to fly to Calgary, you must pay $1.10 to park your car. If you go to municipal airports, you park your car free but you pay a departure tax. Now the minister says he will tax us again for those services for which the Department of Transport has already billed the municipal authority.

Some hon. Members: Shame.

Mr. Lambert (Edmonton West): That shows where this type of tax is wrong, and that is why I insist that a departure tax is better. A flat rate tax is better. It might lead to some slight inconvenience with the big, jumbo jets, but does anyone think that jumbo jets will land at every interior airport of Canada? Of course they will not. They will land at Montreal, Toronto and perhaps Vancouver. They will not land at the internal airports of this country, be they designated "international" or not. At least, no great number of such landings will take place. This is just putting up an Aunt Sally in an attempt to knock it down. I suggest it will be quite simple to levy a flat, departure tax. It should be levied per flight and not merely when an aircraft lands at any stage during a flight. It would be better than the present proposal because we would get round the inequities of this type of tax.

I indicated in my remarks on the first clause that people who fly in executive jet aircraft or in company personnel aircraft and use the services will not be paying for air transportation facilities. Is the minister to increase the charges for the landing of these aircraft? Will there not be difficulty in distinguishing between different types of these aircraft, because an aircraft which may have a carrying capacity of 20 passengers may be carrying only three? An aircraft's load-bearing capacity should be based on the travelling public, but the government insists on this *ad valorem* tax. I therefore move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale) that—

All the words after "that" be struck out and the following substituted therefore:

Bill C-155 be not now read a third time but be referred back to the Committee of the whole with instructions that clause (i), paragraph numbered 10 be reconsidered to provide an air transportation tax on a flat fee basis to be determined by the committee as providing an equivalent return to and in lieu of the tax therein provided.

May I call it six o'clock.

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

HOUSE OF COMMONS

Thursday, November 27, 1969

The House met at 2 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that a communication has been received, which is as follows:

Ottawa, November 27, 1969

Sir:

I have the honour to inform you that the Honourable Emmett M. Hall, Puisne Judge of the Supreme Court of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 27th November, at 5.45 p.m., for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
Louis-Frémont Trudeau
Assistant Secretary to the Governor General

[*Translation*]

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

MISCELLANEOUS ESTIMATES

First report of Standing Committee on Miscellaneous Estimates, in both official languages—Mr. Leblanc (Laurier).

PRIVILEGES AND ELECTIONS

Second report of Standing Committee on Privileges and Elections—Mr. Laflamme.

[*Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

DRUGS

STATEMENT ON FIXED COMBINATIONS OF ANTIBIOTICS

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as a result of several inquiries, mainly from the hon. member for Winnipeg North, I wish to make a statement concerning antibiotics and their labelling.

Several announcements have been made recently by the United States Food and Drug Administration that certain combination drug products will be removed from the market. This action was based on reports from the drug efficacy study group established by the U.S. National Academy of Sciences-National Research Council that products containing fixed combinations of antibiotics are ineffective for claims made in their labelling.

We are well aware that fixed-ratio drug formulations have been the subject of controversy in medical circles for some years. However, in spite of the opinions expressed in the U.S.A., there are some physicians who believe that these combinations are of value and would wish them to be retained on the market. The debate as to whether fixed-ratio combinations should be prescribed is a matter which properly rests with the medical profession.

Nevertheless, some months ago the Food and Drug Directorate, Department of National Health and Welfare, initiated discussions with Canadian manufacturers of certain antibiotic combinations. If these investigations show the need, manufacturers will be required to include additional explanatory or cautionary information on the label of the drug or in the professional literature accompanying the drug or being supplied to the professions. If evidence is obtained that these combinations are less effective than their individual components or if they are found to represent a hazard to health, the directorate will take further appropriate action.

• (2:10 p.m.)

The directorate has authority under Section 9(1) of the Food and Drugs Act to prevent the sale of a drug product that is labelled in a manner that is false, misleading or deceptive in regard to its merit or safety.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I wish to thank the minister for giving me advance notice of this statement. I am glad he has realized there has been a mild controversy in medical circles for a good many years about fixed combinations of antibiotics. Those who work in universities and hospitals tend to believe that there should not be combinations while those who are involved with the general care of the public have often thought that in certain cases these fixed combinations are of value.

Minister's Statement on Antibiotics

I agree with the minister that he has gone carefully and slowly, and I believe that in certain conditions physicians would agree that fixed combinations of antibiotics are useful, particularly in a widely scattered country. However, we have to recognize that medical technology is advancing with regard to the desirable role of specific drugs for specific conditions. This is being brought closer and the use of fixed combinations of antibiotics will decrease in the future. I believe that the Food and Drug Directorate has done well not to ban these combinations immediately as has been done in the United States. I look with interest to further evidence as to what the department will do.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it is interesting to note how long it took the minister to make the statement he made today, a statement in which he really said nothing. In other instances, such as auto safety and the use of cyclamates, we in Canada have waited for United States agencies to take action and have then followed their action and took their advice on the basis of the tests they have conducted.

In this case the minister decided to listen to the drug industry and to ignore the findings of the United States agency which made a very careful study of the problem taking more than three years and costing over $1 million. This study was conducted by the United States National Academy of Sciences-National Research Council.

They found that two-thirds of the prescription drugs used in the United States are badly labelled and a large percentage are partly or totally ineffective. They found, in a study of 4,000 drug preparations, 85 per cent of them prescription drugs supplied by over 200 firms, that 7 per cent were totally ineffective. Others were found effective for some diseases and partly or not at all for others for which effectiveness was claimed. The study showed that two-thirds of the drugs were poorly organized, repetitive, out of date, evasive and promotionally oriented. They ordered a large number of prescription drugs to be relabelled and called for the banning of sales of 54 specific drugs.

In light of their findings it is disappointing, to say the least, to find the minister making a statement in which he in effect says that the government is not prepared to do anything. This does not surprise me, Mr. Speaker. We have watched this government over a period of four or five years make extensive studies of drug safety and drug prices and come up with proposals which have had little, if any, effect in improving drug safety and no effect on drug prices. All the steps taken led to no changes in the very high prices of drugs.

[Mr. Ritchie.]

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I am wondering if this statement is not related to a recent decision taken by the Americans in connection with the ban on germ warfare.

In any event, it is a statement which tells us what the Department of National Health and Welfare intends to do with regard to drugs. In this statement, we find that if evidence is obtained that combinations are less effective than their individual components, the Director General of the Food and Drug Directorate will take the steps needed to remedy the situation.

Mr. Speaker, as the previous speakers, I rejoice in the position taken because the drug industry is different from others, first because experience has taught me that drugs have more frequently been used to make money than to cure, and also, at the manufacturing level, this industry sets selling prices which are in no way prorated to costs. We have a right to have doubts about the value of what is contained in drugs.

Therefore, I congratulate the Minister of National Health and Welfare (Mr. Munro) who, by his attitude, will contribute, in my opinion, to restrain the shameful exploitation of the sick and the old.

CRIMINAL CODE

MEASURE RESPECTING OFF-TRACK BETTING

Mr. Fernand-E. Leblanc (Laurier) moved for leave to introduce Bill C-160 entitled "An Act to amend the Criminal Code (Off-track betting).

Some hon. Members: Explain.

Mr. Leblanc (Laurier): Mr. Speaker, the final report of the Prévost Commission in Quebec recommends that gambling be legalized and socialized so that not only illicit interests may exploit this need felt by most Canadians.

This bill introduced for the first time in the House on June 13, 1967, purports to amend the Criminal Code so as to enable provincial governments wishing to do so to establish off-track betting in order to get funds for various social, hospital and educational programs.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

ORAL QUESTION PERIOD

COMPANY OF YOUNG CANADIANS

MONTREAL—ALLEGATIONS BY MR. SAULNIER OF DISTURBING ACTIVITIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the allegations made publicly by Mr. Saulnier in Montreal this morning involving actions now being taken by the Minister of Justice and the Solicitor General, can the Prime Minister tell the House when he was first informed of the alleged disturbing activities of the Company of Young Canadians in Montreal?

Right Hon. P. E. Trudeau (Prime Minister): I have not heard the allegations of Mr. Saulnier, Mr. Speaker. I should like to know what he said before attempting to reply in any way. If any aspects of this question could be directed to the ministers who are informed or concerned, perhaps my hon. friends might wish to attempt a reply.

Mr. Stanfield: A supplementary question. Could the Prime Minister tell the House when he was first informed of allegations of disturbing activities by members of the Company of Young Canadians in Montreal?

Mr. Trudeau: I think I can attempt to inform the House, Mr. Speaker, to the best of my memory. I do not think, however, it is a relevant piece of recollection. When I visited a housing development in Montreal there were some disturbances—

Mr. Speaker: Order. I hesitate to interrupt the right hon. Prime Minister but I had some serious doubts about the question when it was first asked by the Leader of the Opposition. Hon. members know there is a long established rule of procedure that questions may not be asked concerning the proceedings of a committee until such time as there is a committee report.

Mr. Horner: They do not have to write it; it is in the press.

Mr. Speaker: I thank hon. members for their advice. May I refer hon. members to citation 324(1) of Beauchesne:

> Until the report and evidence have been laid upon the Table, it is irregular to refer to them in debate, or to put questions in reference to the proceedings of the committee.

I think hon. members should bear this in mind and limit their questions so as not to become involved in matters dealing with the evidence which was submitted to the committee.

Mr. Stanfield: On a point of order, may I assure Your Honour that I will scrupulously follow the rule to which you have alluded, but my question to the Prime Minister was based on a statement made publicly outside the committee by Mr. Saulnier. I should like to ask the Prime Minister whether, upon hearing these allegations in regard to members of the CYC, he took any action and, specifically, whether he requested the Solicitor General to obtain a report from the Royal Canadian Mounted Police?

Mr. Trudeau: Mr. Speaker, I did talk both to the Solicitor General and to the minister responsible for the CYC and asked them to see whether there was anything in these allegations.

Mr. Horner: When?

Mr. Trudeau: I am answering the question. I said yes, I talked to them.

[*Translation*]

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wish to ask a supplementary question.

Could the Prime Minister tell the House when he requested that report from the Solicitor General and the Minister of Justice and if, since then, he has asked the Royal Canadian Mounted Police to report to him personally on the activities of the Company of Young Canadians?

Mr. Trudeau: When? Mr. Speaker, I was going to give this information in a reply to the first question. I was visiting Montreal—last spring, if I remember well—when Mr. Saulnier first indicated to me that, in his opinion, the Company of Young Canadians was engaged in unacceptable activities and, following that conversation, I spoke to the two ministers concerned.

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to put a question to the Minister of Justice.

Has he on hand now records concerning the alleged disturbing activities of the Company of Young Canadians or of some volunteer workers?

[*English*]

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I am not going to accept the preamble to that question. May I say that the Royal Canadian Mounted Police—and here I speak on behalf of the Solicitor General—have received copies of a number of documents from the Montreal city police relating to the activities of the Company of Young Canadians in Quebec.

I think it might interest the House to know that these documents were received on several dates. Beginning on October 29, documents were received from time to time through to November 20. On November 21 the Montreal police turned over some more documents. On November 24 two additional series of documents were received, and another series on November 20, 21 and 25. I understand that other documents were submitted, in the ordinary course of the exercise of co-operative police measures by the federal, provincial and municipal police forces, as late as last night.

The Government will give careful consideration to this material in determining what course of action it should pursue in respect of the Company of Young Canadians. I want to say as well that while the federal government is responsible for deciding what action to take in respect of the management and the future of the Company of Young Canadians—and it will undoubtedly want to wait for the report of the parliamentary committee—any question of instituting legal proceedings regarding alleged violations of the Criminal Code is, under the heading of the administration of justice, a provincial responsibility.

[*Translation*]

Mr. Fortin: Mr. Speaker, I should like to ask a supplementary question of the Minister of Justice.

Since he has just stated that his department had from time to time received documents from the R.C.M.P., I would like to know whether they had been requested by his department and also whether they were studied while the parliamentary committee was carrying on its inquiry.

[*English*]

Mr. Turner (Ottawa-Carleton): Yes, Mr. Speaker, the law officers of the Crown have received these documents from the RCMP and we are studying them.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I should like to direct my question to the Prime Minister and it is supplementary to the question asked by my leader. After this matter came to your attention, perhaps last spring, as you stated, did you ask the Solicitor General—

Mr. Speaker: Order, please. Would the hon. member kindly direct his question through the Chair.

Mr. Nowlan: Mr. Speaker, I should like to ask the Prime Minister whether, after this matter came to his attention, perhaps last spring, as he said, he requested the Solicitor General to ask the RCMP to make a report? If he cannot answer that today, since this is not a day for the Solicitor General to be in the House will he undertake to have the minister make a statement or perhaps make a statement himself tomorrow regarding what action, if any, was taken after this matter came to his notice?

Mr. Trudeau: Mr. Speaker, I think I can answer this question from memory. Essentially what I did ask then of Mr. Saulnier was that he help us by showing us some proof of his suspicions or allegations, and that has been our position all along. Since then we have had documents turned over to us by him and we have looked at them with all the dispatch mentioned by the Minister of Justice.

Mr. Horner: Since the 29th of October.

Mr. Trudeau: What is your problem?

An hon. Member: It's your problem.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is directed to the Minister of Justice and is really seeking clarification. Did I understand the minister to say that he has received reports from the Montreal police on CYC activity, and do I also understand he has indicated that the government initiated independent investigations by the RCMP as a result of receiving reports on this matter?

Mr. Turner (Ottawa-Carleton): No, sir. What I said was that the RCMP, in the ordinary course of co-operative police work, received some of the documents that were seized. We are not at all sure we have received the complete set of documents. We did receive documents that were purported to have been seized by the Montreal city police. The documents were analysed by the RCMP and were submitted to the law officers of the Crown in the Department of Justice for the same purpose.

Mr. Rose: Again for the purpose of clarification, Mr. Speaker, I should like to ask whether the RCMP were instructed by the government to initiate an independent investigation of the problems of the CYC in Montreal?

Mr. Horner: As early as last spring.

Mr. Turner (Ottawa-Carleton): I would have to check on that particular point with my colleague the Solicitor General, Mr. Speaker.

[*Translation*]

Mr. Valade: Mr. Speaker, I have a question for the Minister of Justice.

Has he informed the Secretary of State, who is directly responsible to the House for the Company of Young Canadians, of his contacts with the RCMP?

[*English*]

Mr. Turner (Ottawa-Carleton): After we have completed a review of the documents, which as I say we are receiving from time to time, I will of course be reporting to the Prime Minister and to the Secretary of State. Then it will be up to the government to decide what action should be taken.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I have a supplementary question for the Minister of Justice.

When he received those documents from the RCMP, did he get in touch with the provincial authorities?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I did not hear the question.

Mr. Ricard: When the minister received those documents from the RCMP, did he discuss the matter with the Quebec authorities?

[*English*]

Mr. Turner (Ottawa-Carleton): No; I have not had any discussions myself with the Quebec authorities. That is not to say the Solicitor General may not have had such discussions. I wish to reiterate again that since any legal proceedings under the Criminal Code would, if there were evidence, have to be taken at the instance of the Montreal police, the authorities in Montreal or by the Attorney General of Quebec, it would appear that the communication would properly lie between the city of Montreal and the Attorney General of Quebec.

[*Translation*]

Mr. Fortin: Mr. Speaker, would the Minister of Justice tell us whether officials of his department have been appointed to study the documents supplied by the RCMP and to advise the ministers concerned about the steps to be taken?

[*English*]

Mr. Turner (Ottawa-Carleton): Well, I have said that the documents have been studied by the police and by the law officers of the Crown, and they are keeping both ministers informed.

Mr. Nowlan: Mr. Speaker, I should like to direct a supplementary question to the Secretary of State. Was the minister aware last spring of these disturbing activities on the part of some members of the CYC in Montreal?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): No, Mr. Speaker, nobody brought to my attention the doubts which might have existed at that time.

[*English*]

Mr. Lewis: Mr. Speaker, I should like to address a question to the Prime Minister on a different subject—

Mr. Speaker: Order, please. I am led to believe the right hon. member for Prince Albert has a supplementary.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the Minister of Justice mentioned that the responsibility for instituting prosecution rests either with the authorities in the city of Montreal or the government of Quebec. Is it not a fact that the Royal Canadian Mounted Police lay charges on the basis of the information they have and from there on the province takes over the prosecution? I would also ask him as part of the same question whether or not the documents that were delivered to the government as far back as October 24 or 25—

Mr. Turner (Ottawa-Carleton): The 29th.

Mr. Diefenbaker: All right—about four weeks ago, disclosed prima facie evidence of revolutionary conduct and whether he discussed this with the Secretary of State who remains so benignly silent?

Mr. Turner (Ottawa-Carleton): Let me answer that question if I may. To begin with, the RCMP have received documents from

time to time beginning on October 29. The documents have come in as I have described over a period of weeks and as late as yesterday. I am sure the right hon. gentleman does not want me to comment on the evidence. An Attorney General has never commented on evidence. He decides whether to prosecute or not to prosecute. In this particular instance the decision on whether a prosecution should be taken properly lies with the Montreal authorities or with the Attorney General of Quebec. The right hon. gentleman is talking about subversion, sedition and this sort of thing, and quite properly so. I have searched the records and at no time since Confederation has a prosecution for sedition been taken by the federal Attorney General. Sedition is a crime under the Criminal Code of Canada and in this, as in all other matters, prosecutions taken under the Criminal Code are taken by the provincial Attorneys General.

The only two cases I could find in the last 30 years relating to sedition were both taken against the Jehovah's Witnesses by the Attorney General of Quebec. The only cases of sedition currently before the courts, the one against Michel Chartrand, the one against Pierre Valiere and the one that was dismissed against Charles Gagnon, were also taken by the Attorney General of Quebec. That is where the responsibility lies.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. I should like to suggest to hon. members that we should not get into the realm of debate. However, I understand the right hon. gentleman has a supplementary, after which we will return to the hon member for York South.

Mr. Diefenbaker: Mr. Speaker, I am naturally interested in the dissertation, but I now ask the minister this question. On the basis of what he saw did he give any instructions to the RCMP or did he discuss with the Secretary of State the presence of anything in the nature of revolutionary wrong-doing or conduct unbecoming an organization financed by the people of Canada?

Mr. Turner (Ottawa-Carleton): Well, Mr. Speaker, the right hon. gentleman knows as well as I do that any advice I would give to the Prime Minister or to my colleague the Secretary of State would be as privileged as any other advice a lawyer would give to a client, and I would not reveal it on the floor of the House of Commons.

Some hon. Members: Hear, hear!

[Mr. Turner (Ottawa-Carleton).]

Some hon. Members: Oh, oh!

Mr. Diefenbaker: What a smokescreen!

Mr. Speaker: Order, please. We have clearly entered into the area of debate. The Chair has recognized the hon. member for York South.

EXTERNAL AFFAIRS

VIET NAM ATROCITIES—SUGGESTED INQUIRY BY ICC OR UN MISSION

Mr. David Lewis (York South): Mr. Speaker, I have a pretty strong voice but I did not feel like using it to overcome the noise that was surrounding me. I hesitate to ask a question which does not have to do with Montreal or Quebec but I will none the less. Has the Prime Minister had an opportunity to discuss with the Secretary of State for External Affairs the question I asked last Tuesday. I understand that the minister is, regrettably, in hospital with an illness. Has the Prime Minister had a chance to discuss with him the question I asked the Prime Minister concerning the atrocities in Viet Nam?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did ask the department to inquire into the aspect of the question asked by the hon. member concerning the ICC. I have not yet had an answer. As the hon. member just said, the Secretary of State for External Affairs is ill at this time and that may be the reason he has not yet reported to me. When I have the answer I will be glad to give it.

Mr. Lewis: Mr. Speaker, would the Prime Minister keep in mind the second question I asked which may be even more important, that is, would the Prime Minister instruct our permanent representative at the United Nations to discuss with the Secretary General of that body the dispatch of a mission to Viet Nam to investigate these atrocities, some of which are being revealed even today?

Mr. Trudeau: If that appears necessary as a result of the answer to my first inquiry I will certainly discuss that with the minister.

[Translation]

INQUIRY OF THE MINISTRY

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare.

Could he indicate whether he shares with the Minister of Industry, Trade and Commerce the view that unilingual people are

handicapped and, if so, whether he intends to grant a pension to every unilingual Canadian?

[*English*]

CRIMINAL CODE

SUGGESTED AMENDMENT RESPECTING REASONS FOR TERMS OF SENTENCES

Mr. Eldon M. Woolliams (Calgary North): I wish to direct a question to the Minister of Justice, and I do not think there will be any question about his jurisdiction over this matter. May I preface it by saying that the report of the Canadian Committee on Corrections recommended that, when sentences are imposed by a court, the magistrate, judge or justice should specify the reasons for the term of the sentence. In view of the fact that the Alberta appellate division has reduced from five to two years the sentences of the young people involved in marijuana and hashish offences, will the minister now advise whether he is prepared to bring in reform legislation setting out that recommendation in the Criminal Code?

Hon. John N. Turner (Minister of Justice): We are actively considering the recommendations of the Ouimet Commission, and I am certainly considering this one.

Mr. Woolliams: I have a supplementary question, Mr. Speaker. In light of the appellate division's review and reduction of the sentences of these young men and women, will the Minister of Justice ensure that all the special federal Crown prosecutors—and I emphasize the word "federal"—involved in the administration of the Narcotics Act and the Food and Drugs Act are made aware of this decision?

Mr. Turner (Ottawa-Carleton): I think that all our federal Crown prosecutors keep themselves up to date on the law, but I will certainly draw this to their attention.

EXTERNAL AFFAIRS

COMMITMENT TO UN TO EXPAND INTERNATIONAL DEVELOPMENT PROGRAMS

Mr. Heath Macquarrie (Hillsborough): I have a question for the Secretary of State for External Affairs, and since I read that the topic may become taboo I would like to refer it to the Parliamentary Secretary. Can he advise us whether the government has abandoned the commitment given by the minister's predecessor to the General Assembly of the United Nations in 1967 that Canada will expand its contribution to international development programs so as to reach the target of one per cent of our gross national product by 1970-71?

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the government intends to determine the extent of its participation in the assistance program to underdeveloped countries, in the light of the Pearson report.

[*English*]

CONSUMER AFFAIRS

ACCIDENT CAUSED BY SPILLING OF SULPHURIC ACID FROM TOY CAR

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. In view of the fact that a Montreal child has barely escaped serious or fatal burns from sulphuric acid spilling from a toy car, and in view of the fact that this toy was apparently approved by the Department of Consumer and Corporate Affairs, will the minister investigate this matter without delay?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have not yet had a report on the tragic incident which the hon. member mentions but I will look into it immediately. However, there is one point I would like to clear up. If the question refers to the car that I have in mind, at no time has it received any sort of approval from my department. We have no machinery for giving such approval.

Mrs. MacInnis: I have a supplementary question, Mr. Speaker. Is the minister aware then of a press report containing a statement from the Canadian Toy Testing Council that they examined the car in the company of an official of the Department of Consumer and Corporate Affairs who saw no hazard in it?

Mr. Speaker: Order, please. Unless the minister is rising on a point of order, may I say that I think the question as asked is not in order.

Mr. Basford: I rise on a question of privilege, Mr. Speaker, to point out, so as to put the record straight, that while an official of my department had a look at the car, there is

no machinery within my department for granting approval to any products.

[*Later:*]

Mrs. MacInnis: Mr. Speaker, now that the front benches have had their precedence, may I again address a question to the Minister of Consumer and Corporate Affairs. If the facts prove to be as stated, will the minister see that this dangerous toy is taken off the market immediately and certainly before Christmas toy buying?

Mr. Speaker: The hon. member is making a representation, so in fairness to both the middle and front benches I have to rule the question out of order.

Mrs. MacInnis: Ten o'clock, Mr. Speaker.

NICKEL PRICE INCREASE—PREFERENCE FOR CANADIAN CUSTOMERS

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to direct a question to the Minister of Consumer and Corporate Affairs regarding the increase in nickel prices. Did he request the nickel companies to defer any increase in the prices of their product to Canadian customers, a request that would appear to be particularly reasonable in view of the fact that only 4 per cent of the output of these producers is marketed in Canada?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): No, Mr. Speaker. This is a question which I think should be more properly directed to the Minister of Industry, Trade and Commerce, but such a request would result in a somewhat complicated two-price system which I think would have disadvantages.

Mr. Stanfield: I have a supplementary question, Mr. Speaker. Why does the minister feel it is appropriate for him to ask the oil companies not to increase their prices and at the same time feel he has no right to make a similar request in the case of the 25 per cent increase in the cost of a product to Canadian customers, a request that would appear to be relatively easy to meet, particularly in view of the fact that a 25 per cent increase in the price of this product would seem to finish off any effort to establish a program of restraint?

Mr. Speaker: Order, please. That question is more in the nature of an argument.

[Mr. Basford.]

[*Translation*]

FINANCE

REQUEST FOR FEDERAL LOAN TO QUEBEC

Mr. Henry Latulippe (Compton): Mr. Speaker, my question is directed to the Prime Minister.

Since Premier Bertrand of Quebec was refused yesterday, in New York, a $60 million loan at a 9.65 per cent rate of interest and because of the urgency of the situation, would the Prime Minister grant a loan to the Quebec government under the same conditions enjoyed by foreign countries?

[*English*]

COMBINES

ACQUISITION OF AIR CANADA FACILITIES BY CAE INDUSTRIES AND NORTHWEST INDUSTRIES

Mr. William Skoreyko (Edmonton East): I wish to direct my question to the Minister of Consumer and Corporate Affairs. Is the Restrictive Trade Practices Commission looking into the recent acquisition by CAE Industries and Northwest Industries of Edmonton of Air Canada facilities in Winnipeg to determine whether or not competition is unduly affected in light of the sixth report of the Economic Council of Canada?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): It has been the policy in the House for the minister responsible for the Combines Investigation Act, a policy established by the former minister of justice from Kamloops, that the minister does not reveal what inquiries are under way, because of section 28 of the Combines Investigation Act, until such cases are either taken to court or reported in the annual report.

Mr. Skoreyko: I have a supplementary question for the Minister of Manpower and Immigration. In light of this merger, is his department making any effort to seek opportunities for employment for the 325 men who have been laid off in this industry, particularly in regard to help or assistance for those who wish to move?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Yes, Mr. Speaker.

INQUIRY OF THE MINISTRY

Mr. P. M. Mahoney (Calgary South): I have a question for the Minister of Consumer and Corporate Affairs. Does the minister regard the imminent pay increases of members of

the Ontario legislature as being inflationary and, if so, can he assure the House that the Prices and Incomes Commission will consider them?

Mr. Speaker: The hon. member has made a representation which will be taken into account.

[*Translation*]

COMPANY OF YOUNG CANADIANS

SOURCE OF REPORTS RECEIVED BY RCMP

Mr. Roch La Salle (Joliette): Mr. Speaker, could the Minister of Justice tell us whether the reports he received from the RCMP in connection with the Company of Young Canadians came only from Quebec or from some other provinces?

[*English*]

Hon. John N. Turner (Minister of Justice): I am afraid that the enthusiasm which greeted the last question prevented me from hearing the hon. member.

[*Translation*]

Mr. La Salle: Mr. Speaker, I wish to ask the Minister of Justice whether the RCMP reports he has in hand come from the province of Quebec only or also from other provinces.

Mr. Speaker: While the minister is trying to grasp the meaning of that question, I might recognize the hon. member for Winnipeg North, and come back to the hon. member in a moment.

[*Later:*]

Mr. Speaker: Now that he has had a few minutes to think it over, the Minister of Justice might reply to the question raised by the hon. member for Joliette.

[*English*]

Mr. Turner (Ottawa-Carleton): I apologize to the hon. member but at the time I did not hear his question. The documents I was talking about were relayed to the RCMP from the Montreal police and they related to activities of the Company of Young Canadians in Quebec. I would have to check with my colleague the Solicitor General to answer the question whether information on the activities of that organization in other provinces is also in the possession of the police.

COMBINES

REQUEST FOR INVESTIGATION OF NICKEL PRICE INCREASES

Mr. David Orlikow (Winnipeg North): I should like to direct a question to the Minister of Consumer and Corporate Affairs. In view of the increases of almost 25 per cent in the price of nickel by two major producers in Canada on the same day, will he ask the anti-combines section of his department to investigate whether there has been illegal collusion on the part of these two companies?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I think the answer to that question is the one I gave a moment ago. The director of research under the Combines Investigation Act watches specific price movements and if there is a possibility of a breach of the act he has a statutory duty to take proceedings.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question for the Minister of Consumer and Corporate Affairs, Mr. Speaker. I should like to ask whether he made any request to the nickel producers to review their Canadian prices. In view of the fact that sales to Canadian customers represent only 4 per cent of their production, and inasmuch as the matter apparently has not been discussed with the companies by the government, will the minister request the companies to review their Canadian prices?

Mr. Basford: Mr. Speaker, a moment ago the Leader of the Opposition seemed to object to me making such requests of the oil companies, so I am rather hesitant to proceed along that line.

[*Translation*]

Mr. Gaétan-J. Serré (Nickel Belt): Mr. Speaker, I would like to direct a supplementary question to the Minister of Consumer and Corporate Affairs. In view of increased nickel prices and salaries in the Sudbury area, which have led many companies and merchants to also increase their prices, could the Minister tell us whether his department could not bring some pressure to bear in order to prevent this increase in consumer prices?

[*English*]

Mr. Basford: Well, Mr. Speaker, the hon. member will know from the proceedings in the house on Wednesday and Thursday that neither my department nor the government

has any such power. We are calling upon people to exercise restraint. I know some people are using the nickel price increases as an excuse to raise prices. The amount of nickel in a car is five pounds which should lead to an increase, if any, of .07 per cent or on a $10—

Mr. Speaker: Order. Unless the minister wants to revert to motions and make a statement, I think the matter should not be proceeded with.

CONSUMER AFFAIRS

AUTOMOBILE PRICE INCREASES—INQUIRY AS TO INVESTIGATION

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, would the Minister of Consumer and Corporate Affairs state whether he has begun the investigation of auto prices which he stated last August was to be undertaken?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, my colleague the Minister of Industry, Trade and Commerce is heavily involved in negotiations with regard to the automobile agreement and the price of cars both in Canada and between Canada and the United States is very much a subject of those investigations.

[*Translation*]

COMPANY OF YOUNG CANADIANS

MONTREAL—ALLEGATIONS BY MR. SAULNIER OF DISTURBING ACTIVITIES

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, on a question of privilege.

Mr. Speaker: The Secretary of State on a question of privilege.

Mr. Pelletier: Since we are back to that subject, I would not like the House to be misled by an answer I gave earlier. I said that nobody had informed me. I thought then that the hon. member for Annapolis Valley (Mr. Nowlan) was asking me whether I had been informed of the matter before it was brought to the attention of the Prime Minister. But I have already stated publicly, and I repeat it here, that every time the Prime Minister has been informed of such matters, he relayed the information to me and conversely I acted the same way with him.

Mr. Georges Valade (Sainte-Marie): In connection with the answer just given by the Secretary of State, I would like to ask him if he means that he was told last spring about the activities of the Company of Young Canadians—as the Prime Minister himself said a moment ago in the House—or if he found out later than last spring?

Mr. Pelletier: No, it was not later than last spring.

[*English*]

SPORTS

BID FOR SUMMER AND WINTER OLYMPICS

Mr. Steven E. Paproski (Edmonton Centre): Thank you, Mr. Speaker. I should like to direct a question to the Minister of National Health and Welfare. Is Canada putting in a bid for the next summer and winter olympics to be held in this country?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as far as I know now, Montreal's bid is going in. As of today I do not know whether any formal decision has been made so far as the west coast is concerned.

Mr. Paproski: A supplementary question, Mr. Speaker. Did the minister recommend the one city?

Mr. Munro: I am sorry, I did not hear that question.

Mr. Paproski: Did the minister only recommend the one city of Montreal?

Mr. Munro: No, Mr. Speaker. The only reason I pointed out Montreal was that their application has gone forward. The other application, from the west coast, has not been submitted to the government for backing or otherwise.

Mr. Paproski: A further supplementary, Mr. Speaker. Is the Minister of National Health and Welfare saying that he has recommended Montreal?

Mr. Munro: No, I am not, Mr. Speaker.

FEDERAL-PROVINCIAL RELATIONS

CONSIDERATION OF URBAN PROBLEMS AT CONFERENCE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. Can the Prime Minister assure the House that the problems of the cities as related to the constitutional responsibility will be placed high on the priority list at the coming federal-provincial conference?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I intend to table the agenda as soon as I have the concurrence of all the provincial premiers, and I think that that will be early next week.

Mr. Alexander: A supplementary question, Mr. Speaker. In view of the answer given by the Prime Minister, I wonder if the Prime Minister would, if it pleases him, make a statement as soon as possible after the federal-provincial conference as to the government's intention or policy with respect to our urban problems?

Mr. Trudeau: Mr. Speaker, I have already indicated to the House that, following the December conference, if the opposition parties agree we would seek an occasion to discuss the whole constitutional matter in the House, as has been done after the previous federal-provincial conferences on the constitution.

INQUIRY OF THE MINISTRY

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Communications. In light of the minister's view as expressed at Sir George Williams University that all Members of Parliament should act and think independently of party ties, has the minister, first of all, asked that he be relieved of his party's whip and whether this explains the absence of government members in the House yesterday?

HOUSING

INQUIRY AS TO ALLOWANCES

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister without Portfolio in charge of housing. In view of the statement by the President of CMHC to the Senate Committee on Poverty that housing allowances should be part of a system to provide decent housing for all Canadians, what steps does the minister intend to take?

Mr. Speaker: Order, please. I think a statement of this nature should normally be made on motions.

FEDERAL-PROVINCIAL RELATIONS

NEWFOUNDLAND—INQUIRY AS TO DISCUSSION WITH PREMIER

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my question is for the right hon. Prime Minister. Can he indicate whether he will be holding discussions tomorrow with the Premier of the Province of Newfoundland and whether we can anticipate, as a result of these discussions, that there will be formal agreement by the federal-provincial authorities on the regional development program for that province?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me the question is speculative—if I am having meetings and whether there will be formal agreement. I cannot answer what will result from any meetings with the Premier, assuming I am going to have any.

Mr. Lundrigan: Mr. Speaker, perhaps the Prime Minister left an impression that might be a bit misleading. I did not hear him indicate that he will be holding discussions with Premier Smallwood and perhaps he has left an impression that should be cleared up.

Mr. Speaker: Orders of the day.

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I merely rise now to ask the Government House Leader if he would outline the business for the week, as is customary.

Hon. Donald S. Macdonald (President of the Privy Council): Yes, Mr. Speaker. On Friday and on Monday of next week under the heading of Order No. 32 there will be debate on the reference of the Tax White Paper, anticipated to be a two-day debate. We will ask for a special order by the House to allow the maximum number of participants in the debate. On Tuesday of next week we will call Order No. 10, the annual bill for financing the CNR, the second reading stage of which has already been under debate. Following that we will take the items with respect to the four financial institutions, Orders Nos. 42, 43, 44 and 45. These four bills were on the Order Paper in the last session and we are asking to have them dealt with by special order on second reading as a group.

On Wednesday we will call first Order No. 6, the Canada Corporations Act, which has already been under debate, to be followed by the report stage and third reading of item No. 4 with respect to the Judges Act. On Thursday we will return to yesterday's unfinished business, third reading of Bill C-155 with respect to the Excise Tax Act to be followed

by all stages of item No. 26, the Income Tax Act Amendments. On Friday of next week we will call first the report stage and third reading of Bill C-8 with respect to Children of War Dead Assistance Act, to be followed by Order No. 39 providing provisional payments for unthreshed grain.

PUBLIC SERVICE

POLICY AS TO WORKING LANGUAGE—SPEECH BY SECRETARY OF STATE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, since the Secretary of State will not be in the House tomorrow may I now raise a point of privilege. A week ago today he said he would make available to me a copy of the speech on which I based a question. I understand there are translation difficulties. I wonder if I could expect a copy of that speech in the near future.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I regret that the member has not received it, but I have already sent it.

[*English*]

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NIGERIA-BIAFRA—ALLEGED FAILURE TO TAKE MEASURES TO RELIEVE STARVATION

Mr. Andrew Brewin (Greenwood) moved:

That this House regrets that the government has failed to take adequate measures to relieve massive starvation in Nigeria-Biafra and, particularly, regrets its repeated refusal to assist Joint Church Air and Canairelief operations which have continued to deliver substantial relief despite great hazards, and urgently requests the government to change its policy in this respect.

He said: Mr. Speaker, first of all may I express my regret at the absence, through illness, of the Secretary of State for External Affairs (Mr. Sharp). We had hoped he could participate in this debate and hope he will have a speedy recovery from his illness.

Some hon. Members: Hear, hear.

Mr. Brewin: As hon. members of the House are aware, this day has designated "Peace in Biafra Day". Across Canada many Canadians are considering the plight of their fellow human beings in Nigeria and Biafra who, as the House well knows, as a result of a stalemated war are threatened with mass starvation. It seems to me entirely appropriate that this House, representing as it does all the people of Canada, should devote its time in an effort to determine whether more can be done to aid the prospective victims of starvation in those unfortunate areas.

There are two points on which I think all members of the House will agree. First, that the security of all of us depends on the creation of a world community in which basic human rights, and the most fundamental of all, the right to life, are respected. Second, that though Nigeria and Biafra seem remote to many Canadians, we are right to be concerned about the tragic fate facing many innocent victims of the war and right to do all within our power to relieve their plight. Where we differ is on what can be done and how it should be done. The motion which Your Honour put to the House contends that the government has not done enough in this field.

I ask these questions: What has it done, what has it left undone; what has it failed to do that in our opinions should have been done; and what can be done in future? I intend to be entirely specific in the answers I give those questions. Indeed, the motion itself is specific.

The government could have assisted the Joint Church Aid operations by providing aircraft and/or supplies and/or money. It has failed to do so. The motion urges that it do so in future.

First, Mr. Speaker, let us review what the government has done. On October 24, as indicated at page 37 of *Hansard*, the Prime Minister (Mr. Trudeau) said that the government had contributed $3 million towards food and relief supplies to be distributed in Biafra. If the Prime Minister takes part in this debate I shall be interested in hearing how that $3 million was divided. How much was spent on the federal side of the lines, and how much on the other side.

In October, 1968, the hon. member for Egmont (Mr. MacDonald) and I returned from a brief visit to Biafra. We pleaded with the government at that time to make Canadian Hercules aircraft available both to the International Red Cross, which was operating an airlift from Fernando Po to Uli airport, Biafra, and to the church operations which later became known as Joint Church Aid, which had aircraft operating to the same airstrip at Uli from the island of Sao Tome. If

the government had accepted our request at that time the amount of supplies flowing to the beleaguered areas of Biafra would have been doubled. The government could have saved the lives of many hundred of thousands of people who made up part of the estimated 1.5 million people who have died of starvation in the area since then. The same plea on behalf of the International Red Cross was made by the Canadian Red Cross High Commissioner, Major-General Wrinch. But what happened?

The government dispatched a grand total of three Hercules aircraft to Nigeria and Biafra. They did not stay very long. The first aircraft left for Lagos on October 10, 1968. It was permanently grounded in Lagos until it returned to Canada a few weeks later. The pretext advanced for not using this aircraft was that two of the airstrips in the federally occupied territories were in a poor state of repair and that the Hercules aircraft would damage the runways. The other airfield available was being used, according to Nigerian authorities, for military purposes and therefore was not available. Mr. Speaker, one of these airports was Calabar, an internationally recognized airport. Hercules aircraft are supposed to be able to land in open fields. Actually, a Hercules aircraft did land at the improvised airstrip at Uli, in Biafra. The Canadian officer in charge of the operation expressed mystification about the alleged landing difficulties. The plain fact is that Nigerian government does not seem to have been interested, and there does not appear to have been any protest on the part of the Canadian government that the aircraft was not used in that region.

Another Canadian Hercules aircraft was dispatched on October 15, 1968, to Fernando Po, to assist in the airlift of the International Red Cross from that island to Uli. It made ten flights to Uli with about 200 tons of food. Most of the time the aircraft was grounded, and in about December of the same year, 1968, it returned to Canada where it has remained ever since. The third aircraft was merely a supply aircraft and need not be counted.

• (3:10 p.m.)

The reason given for withdrawing the effort was that one of the church operated aircraft had been shot at, and that the operation had become too dangerous. Nevertheless, the church operations continued. A second reason given by the Prime Minister in this House about a year ago was that the Biafran authorities would not accept daylight flights proposed by the Nigerian federal government. The Prime Minister made clear that this condition was made, that General Ojukwu would undertake not to use the airstrip during the daylight hours for arms shipments Here, we get the very first proposal of daylight flights subject to conditions of military significance. The condemnation of General Ojukwu as the obstructor of relief for his own people is used as an excuse for inaction. I will have more to say about this later.

The more we look into why this particular reason (the question of daylight flights) is being advanced and nothing being done, the more we see it is not an adequate or proper reason. I will explain my reason for this statement later. I would like to say if there were no daylight flights bringing arms into Uli, which General Ojukwu was asked to forgo, both the condition by the Nigerians and the refusal of the Biafrans are absolutely senseless. There is no point in asking for the condition nor any point in denying the condition. It is perfectly obvious that was not the purpose. There were in fact air flights coming in with arms and therefore the request had a military significance. If such flights were taking place bringing arms into Uli, General Ojukwu, hard-pressed in a war which he and the people he led thought was a war of extermination, was being asked to surrender his means of defence or in effect to surrender, period.

Of course, the Nigerians knew and I think others, including the Prime Minister, should have recognized that such an offer with this condition was bound to be refused. When it was refused he should have known that it was really a propaganda device, a device that unfortunately has been all too successful in alienating sympathy, not from the Biafran regime—that is not important perhaps—but from the innocent victims of the war.

As I have said, this Canadian effort through the three Hercules lasted a few weeks. It delivered to Biafra 200 tons in 10 flights. I want the House to compare that with the results of the operations of the churches which we, in this motion, are asking the House to support. The joint church operation, apart from the International Red Cross, of which Canairelief, the Canadian agency mentioned in the motion, is an agency and important component had at the end of October last flown 4,183 flights and delivered 45,000 tons of food and supplies into Uli. Yet the Canadian government effort is 200 tons compared

with the churches and voluntary agencies 45,000 tons. There have been 10 government flights as against 4,183 church sponsored flights.

Since June, 1969 when an International Red Cross plane was shot down by the Nigerian air force in broad daylight, with its clear Red Cross emblem on it, the International Red Cross has ceased to operate. The joint church-aid operation has carried on, despite hazardous conditions and the loss of lives of crew members and planes, and is flying on night operations on the average of 15 flights a night, bringing in approximately 200 tons a night. This is not enough, Mr. Speaker. It is estimated the need to cope with starvation is approximately 500 tons a night, but nevertheless it is a substantial and magnificent contribution and the only organization doing an effective job at the moment. I submit it deserves the support of this country and this government.

It is this operation that the motion before the House asks the government to support. So far, the government has persistently refused to contribute. Yet that operation, together with the International Red Cross, is estimated to have saved three million lives and if given the tools and the means will save many hundreds of thousands of lives in the future. If we condemn this government, it is because it failed to support this operation and does not support it to the present time.

I want to examine some of the reasons for the refusal of the government. I will state them as fairly as I can and ask the Prime Minister and the House to consider very carefully whether these refusals are justified by the reasons I advance. In my view, they do not constitute valid grounds for refusal of assistance. They are pretexts rather than good grounds. I am sure the government holds some of its views with great sincerity, but I think if they will only look again, and look carefully, they will find them to be without substance. What are the objections? I will first list them and then deal with them in order to show why they are not valid objections.

First, it is said that the Biafran regime ought to accept daylight flights, but has refused, presumably out of sheer perversity, and is therefore the party primarily responsible for the starvation of the people. Second, it is said that the International Red Cross is the designated international agency for mercy operations of this kind and that this government can operate only through it.

[Mr. Brewin.]

Third, it is said that the Nigerian federal government, which is the sovereign authority over the whole area, will not consent to the joint church-aid operations and that to assist these flights would be an unjustifiable intervention contrary to the sovereignty of Nigeria. Sometimes it is put in more extravagant language. The Prime Minister said it would be an act of war. Fourth, it is said that General Ojukwu and the Biafrans are secessionists and rebels, and that nothing must be done to aid or encourage such breakaway regimes.

I propose to deal with each of these objections one at a time. The first is that the Biafran regime has refused to accept daylights flights and that this refusal is unreasonable and unjustifiable. This bald statement as it stands is not true, Mr. Speaker. Both the Nigerian and Biafran governments have accepted in principle the International Red Cross proposals for daylight flights. Both have found conditions proposed by the other side unacceptable.

I have in my hands a document containing proposals for relief flights by the International Red Cross to Uli and the document points out that it is as agreed by Professor Freymond and Dr. Cookey who represents the International Red Cross. The document is dated August 27 last. It is based upon the proposals of the International Red Cross of August 1. It provides for a controlling commission of representatives of a neutral state appointed by the federal military government of Nigeria and the Biafran authorities. The bases were to be Cotonou and Santa Isabel. It provides for detailed routings and corridors, for all aircraft to be identified by Red Cross emblems and that Nigerian air space can only be entered after nine o'clock in the morning and after six o'clock in the evening.

Apparently this proposal was unacceptable to the federal government. The Red Cross entered into a second document, which I also have here, this time agreeable to the federal military government, but unacceptable to the Biafrans. It excluded any representative of a neutral state appointed by the Biafran authorities. The host state, the federal military government and the International Red Cross were to be the commissioners. The operations was moved to Cotonou and Santa Isabel was ruled out.

All flights and routing emblems, etc., were to be agreed on by the International Red Cross with the Nigerian air force and the Nigerian army. It seems this provision would

give complete control or at least a veto power over the flights to the federal military government's authorities. The flight time was cut down from nine a.m. to five p.m. Article 6(2) provided that this agreement was to be without prejudice to the military operations of the federal military government.

• (3:20 p.m.)

The agreement was to last for three weeks only. It is in return for this agreement that it is suggested the Biafran regime should surrender, or at least discourage, the night flights which were bringing them in infinitely more than this proposed Red Cross flight could possibly have done. The Uli airport is a small strip which can receive only a limited number of flights. Under the present set-up operated by the joint churches it is used for approximately 13½ hours, and some 25 flights come in each night. Some of these, no doubt, bring in arms. It is proposed by the federal military government in the International Red Cross agreement to cut down the period of daylight flights to eight hours. In effect, the Nigerian government is trying to discourage the night flights, which have been highly effective, in favour of a daylight program which they could control. How could anyone seriously doubt that such an agreement would have military implications? Yet the Prime Minister has given the Biafran refusal to accept this agreement as a reason for withholding aid from Biafra.

It is said that the Biafran government asked for military guarantees and then turned down reasonable proposals by the United States government and other countries. This should be looked into again. As I understand it, the Biafrans claim that the guarantees they want are guarantees of the security of Uli airport, their one lifeline and vital means of survival. It is not enough, they say, to guarantee, as has been proposed, that the IRC flights should not be used for military purposes. I do not suppose it was expected they would be. It seems to me this whole situation should be looked into carefully again.

Let us suppose, however, that the Biafran authorities are unduly suspicious of the intention of the federal military government to use daylight flights to their advantage. Is this surprising? They have been the victims of pogroms, massive expulsion, blockade, starvation, aerial bombardment of schools, hospitals, market places and other civilian targets. It is not reasonable to expect them to agree to anything which might lead to military defeat, as they fear extermination.

The second objection taken by the Canadian government to assisting this relief effort on the lines I have mentioned is that Canada recognizes the ancient and honourable tradition of the International Red Cross in the field of mercy operations during wartime. The government points out that international recognition has been given to that organization. This is not an unreasonable argument, but the Prime Minister himself, in his speech of October 24 to which I have referred, suggested it would have to be looked into again. Since June 5 no Red Cross flights have taken place at all, nor does there seem to be any reasonable prospect of their resumption. It is the joint church-aid program which is flying out supplies by night. This organization is no fly-by-night organization—

Some hon. Members: Oh, oh.

Mr. Brewin: I did not intend to make a pun. It is true the organization does fly by night. It is supported by 27 church organizations, including the World Council of Churches, Caritas International, representing the Roman Catholic Church, and many other religious bodies. It is international; it is ecumenical, and it is doing a job. I think it deserves support. These church groups are not politically minded; they are committed to work of compassion and mercy. They operate on both sides of the line. If we can assist the International Red Cross when it is not in operation, surely we can help the churches in their task of mercy.

The third objection states that the Nigerian federal government is the sovereign authority over the whole area and will not consent to the church operation. It is claimed that to assist these flights would therefore be an unjustifiable intervention, even an act of war. But the right of humanitarian intervention in certain circumstances, even in the face of opposition by the nation state, has been recognized in law for centuries by many authorities. I shall spare the House a lengthy recital of those authorities but I wish to give some examples, on the basis of which I urge the government to reconsider its position. One is Ronald St. John Macdonald, dean of the Toronto Law School and Canadian representative at the third session of the United Nations 20th General Assembly. Dean Macdonald prepared a paper or memorandum on

this important subject for a committee of this House, the External Affairs Committee, and from this memorandum I extract only the following clear statement:

> It is lawful for Canada to assist church agencies in sending food and medical supplies into Biafra.

Dean Macdonald is not one who speaks on such a matter lightly. Next, I want to read an excerpt from the review of the International Commission of Jurists written as recently as June, 1969, in which it is stated:

> In law as in fact, the conflict in Nigeria can no longer be regarded as a matter of purely national concern. The proportions it has reached and its significance in the decline of international standards and the violation of human rights require that it be solved as a matter of priority by the international community. Although previous efforts have failed, the United Nations, as the only collective organ of this community, could perhaps still take positive action.

Finally, as far as the legal aspect of the matter is concerned, I wish to refer to an article written by Professor Reisman of the Yale Law School. He said this:

> To summarize, international policy even before Grotius has been firmly and continuously for humanitarian intervention in those extreme cases where the most minimal of human rights were in jeopardy. Forceful intervention in such circumstances in the territory of another state is permissible and, for the signatories of the Charter and the Genocide Convention, is mandatory. The effect of the United Nations has been to develop a coordinate set of competence. In circumstances in which an authoritative organ of the UN or of a relevant regional organization can either not act or not act with sufficient dispatch, individual or coordinated collective non-UN humanitarian intervention is permitted as a substitute or functional enforcement of international human rights.

So much for the argument that there is no right of intervention. There is really no excuse for inaction on our part. It is somewhat ironical to hear it suggested that we cannot give this aid because it would amount to an act of war. If this were so, the United States, West Germany, Sweden, The Netherlands and other countries, which have given aid to joint church programs would be at war with the federal government of Nigeria. But as far as I know, they are not. The aid has been given directly and indirectly to joint church assistance programs.

The aid provided by the United States government has been very substantial. The United States sold four stratofreighters to joint church-aid and four to the International Red Cross for $4,000 each, or their scrap value. This aircraft is similar in capacity to the Hercules which the Canadian government would not make available to Canairelief or joint church-aid. In addition, the United States government has been making tonnage payments to church agencies flying relief supplies into Biafra, and this has greatly assisted Canairelief. It is ironical that the Canadian government should refuse to support a Canadian relief agency which is receiving substantial support indirectly from the United States government. Surely, the position of the Canadian government here is legalistic and not realistic.

The last objection to doing anything about this matter is that Colonel Ojukwu and the Biafran secessionists are rebels who should not be assisted even indirectly. If this be true, they were indeed reluctant secessionists, reluctant rebels. They were in effect thrown out of the federation by force. Efforts are now being made to force them back in again. They have fought valiantly for two years against superior odds for self-determination and the right to survive. I suggest in any event that judgments of censure in these circumstances, even if they are justified, are not the overriding factor. Political considerations do not justify denial of human concern and intervention by the peoples of the world.

• (3:30 p.m.)

The motion which we have introduced concludes with an appeal or invitation to the government to change its policy and provide assistance to Joint church-aid or, if it prefers, through Canairelief. It seems to me that the Prime Minister has left the door open. In his speech during the debate on the throne speech he made it quite clear, as reported at pages 37 and 38 of *Hansard*, that if other methods did not succeed new methods would be examined. Even in the rather harshly worded statement that he made on Tuesday of this week, the Prime Minister did not close the door.

We in this corner of the House would be extremely happy to withdraw this motion, which does imply some censure of the government, if the Prime Minister were to announce that the government would extend assistance to the starving people of Biafra through the only available operative agency, joint church-aid and Canairelief. I can assure the House that we seek no partisan benefit out of this tragic affair.

Every day, Mr. Speaker, you or whoever is in the Chair repeat to us the words from the Lord's Prayer "Give us this day our daily bread". Today perhaps the people of Nigeria

and Biafra are saying to us in their hour of tragedy "Give us this day our daily bread". To the extent that it is within our power, we must respond. It is our belief—and this is the reason we have put forward this motion—that it is within our power to respond, and that the motion points the way to an effective response.

Mr. Whicher: Would the hon. member permit a question?

The Acting Speaker (Mr. Béchard): The hon. member's time has expired and he will require unanimous consent of the House to receive a question.

Some hon. Members: Agreed.

Mr. Whicher: I should like to ask the hon. member, who has just spoken so eloquently and sincerely on this subject, whether the New Democratic party of Canada has at any time contacted its fellow socialists in England to ask them to cease supplying arms to Nigeria. If they were to do so, it would do more for the starving people of Nigeria and Biafra than any other single act.

Mr. Brewin: The answer is simple, Mr. Speaker. The answer is yes. I know that the leader of this party has communicated with the leader of the British government and clearly expressed his distress at the actions of that government. I have spoken to my friends and colleagues in the Labour party in Great Britain and to those associated with the Labour party who do not agree with the government's stand. We do not defend, in fact we deplore, the attitude of the Labour government in Great Britain in this matter.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, usually one comment about the illness of a colleague is enough because we can all share it; but since there is a long list of speakers and we are caught in the system, as it were, may I with no less sincerity say that we of the official opposition are also sorry to hear of the illness of the Secretary of State for External Affairs (Mr. Sharp) and hope that he will soon recover. I think he had a very arduous trip to the Near East, and like a good many others in public life he is paying the price for this type of intense personal involvement in world problems.

This, sadly, is the resumption of what might be called an adjourned debate. My leader raised the issue of aid in the Nigerian civil war as his first question in the first session of the 28th parliament. Since that time both the Leader of the Opposition (Mr. Stanfield) and members on both sides of the House have relentlessly pursued this issue.

May I say at the outset that the members of the official opposition support, without equivocation the motion that has been proposed by the hon. member for Greenwood (Mr. Brewin), since it presents a very easy—in the straight sense and meaning of that word—formula to enable the government to give direct assistance without getting into any nuances of diplomacy.

The last time that the House formally discussed the issue, journalists described the contribution I made as being emotional. Much as I have tried to drain any emotion from my speech in a debate dealing with a tragedy like this, I fear I will once again be open to the same criticism. I do not know how man is supposed to go through life untouched by human tragedy, unmoved by death or by a civil war that is so unnecessary.

Today the Prime Minister (Mr. Trudeau) has received a good many petitions. Those of us who are trying to revamp the system, to use such phrases as participatory democracy and other terms relating to responsiveness to government and to people's feelings, have been touched by the really national concern that has been so manifest today, a special day of peace for Nigeria and Biafra.

I have before me a rather unique petition in that it is signed by a good many religious leaders of this country and is also supported by people of no religion. This petition I will read because the record should be complete:

> We, the undersigned, appeal to the Government of Canada and to concerned people everywhere to bring political pressure to bear on those countries—amongst them the United Kingdom, the Union of Soviet Socialist Republics and France, to do all in their power to end the supply of arms to Nigeria and Biafra, and to bring both sides to the conference table to begin the search for a lasting peace and a solution based on the will of the people.
>
> We draw to the attention of Governments the appeals made by His Holiness the Pope and the World Council of Churches, also the resolution passed at the Labour Party Conference at Brighton September, 1969 calling for international action.

The hon. member for Greenwood referred to the statement made in June, 1969 by the International Commission of Jurists, so I will not repeat it. This statement is included in the petition.

> We recognize that this is an African problem which will be solved by Africa but we are convinced that before this can happen outside pressures in the form of arms and finance must be cut

off. In the name of two million dead and in the name of those who still survive we call for an end to all action that prolongs this conflict and urge men everywhere to think first and foremost of those in direct need of food, shelter and medical care.

• (3:40 p.m.)

This is a letter supported by the signatures of thousands of Canadians and it is signed by Most Reverend Philip J. Pocock, Co-Adjutor and Archbishop of the Roman Catholic Diocese of Toronto; the Most Reverend H. H. Clark, Primate of the Anglican Church of Canada; Dr. Robert B. McClure, Moderator of the United Church of Canada; the Very Reverend D. H. Johnson, Moderator of the Presbyterian Church of Canada and Rabbi W. G. Plaut of the Holy Blossom Temple. It was dated Toronto, October 10. I felt it worthwhile to include this letter in my few comments because I feel it is really the focus of what this day is all about.

Herbert Gold, who was writing in the November issue of *Harper's* magazine, said:

Biafra makes bad dreams for people who refuse to dream.

"Hunger is a legitimate weapon of war", says one of the Nigerian generals, as the statesmen of the world rely on the end coming before they need make up their minds about the issues. This is a tragic indictment to have to make but this is part of what is happening in the United Kingdom. That country feels a unique responsibility for Nigeria. The Labour party at its meeting has repudiated the Government's action in this regard. The London *Times* in an editorial November 18, just a week or so ago states:

—if Britain was exercising a strict limit to arms supplies, she would be in a much stronger position to bring (as Sir Alec Douglas-Home suggests) the other suppliers, notably Russia and France, to a conference on the withholding of arms from both sides.

This opportunity, like so many others, has been lost, while the Government has equivocated. Whatever their problems in Lagos, Mr. Wilson and Mr. Stewart should realize that Britain stands in an especially vulnerable moral position over Biafra. It is essential that they should now not only put a ceiling on supplies but should reconsider their whole policy of maintaining them. The least they now owe to British opinion is a new and sincere effort to bring about a political settlement.

The truth is that Mr. Stewart's policy has been wrong at every stage. Again and again the false expectation of "the quick kill" has persuaded the government to continue arms, to continue as the munitions men when they should have been the conciliators. Both sides in Nigeria bear a terrible responsibility for this war; so does Russia, whose synicism is total and unredeemed; so does the British government.

[Mr. Fairweather.]

I think of all the indictments this is the most telling—waiting for the quick kill; the world standing aside unable to act, the United Nations using such phrases as "an internal matter" after 2½ years and 2 million dead. I really do not see why any young person should not wonder and get a bit hung-up about some of our institutions, both national and international, if this is the way we respond.

One of the most interesting statements on the whole issue was made by one Renata Adler in the October 4 edition of the *New Yorker*. She tells about asking a young Biafran, "Just whose children it is who are dying"? He replied quite seriously that it is the children of villagers who are not strong enough to trek near the front to buy what food there is more cheaply and trek back to market to sell it more dearly, for a little profit to support their families. It takes a high tolerance for the sheer, bitterly comic ugliness of human suffering to care much for these survivors out of the Bertolt Brecht.

Editorial writers for the western press, unlike reporters on the spot, often treat the Biafran position as morally ambiguous, as though the years from 1939 to 1945 had never existed, and as though killing and dying existed on a single plane of atrocity. It is possible that another ethnic population will be decimated before modern intelligence completes its debate about the extent to which the greatest crimes can be said to be the fault of the victims of them.

I obviously do not indict the government on this issue. I indict the representatives and all of us in whatever country we may be. I do indict the Government, however, for its failure to respond to the obvious need and request that has been made, with lots of time for consideration by the Government.

The point that has troubled me is the unrealness of much of the discussion; the withdrawal of world leadership behind fixed and, I regret to say, stereotyped positions. What would have happened if joint church-aid had spent its time arguing about who was at fault, who was to blame? What would be the toll now if joint church-aid had awaited the pleasure of the United Nations or begged admission to either parts of Nigeria from the Organization of African Unity?

I say again this unreality is symptomatic of our times, and I believe very sincerely that it accounts for much of the alienation, to use an ugly word, of so many people from our leadership, our systems and institutions. I admit it

takes a far tougher hide than mine to have the atrocities of this tragic war share the few moments on the television news, and then have our leadership ask those who feel that help should be given to go through the proper and orthodox channels. It surprises me very much that in this era the Government is taken aback by the number of people who want something done.

I read, because it was short, the speech made at Sir George Williams yesterday by the Postmaster General (Mr. Kierans) about participatory democracy. As a member of the administration he understands something about feedback. I suggest that the whole effect today is the result of the massive feedback the government is getting about the frustration of the citizens of this country regarding inactivity in the field of aid to joint church-aid.

I also believe sincerely that a good deal of the trouble, and here I may be on dangerous ground and others may shoot me down for it, in the world today is brought about by what I may call sterile ideological debate. These are the sort of positions that are taken. I listened to a debate of this type the other day at the United Nations on the China issue. You put your hand in a slot and out comes the same speech that has been repeated every year for the last 15 or 20 years. How in heavens name do you expect the practical issues facing man to be solved if there is no softening of the positions?

• (3:50 p.m.)

For making such a statement as this at a conference, not at Harrison Hot Springs, I was said to be soft on Communism. May I repeat that unreal discussions seem to be going on which have no relevancy to the problem that we are facing. The problem is hunger, starvation and death. The means are there to alleviate hunger, starvation and death and we are doing a sort of minuet about sovereignty. I hope the Prime Minister will tell us why it has not been possible until now to give help to joint church aid and its agent Canairelief. As the hon. member for Greenwood (Mr. Brewin) and I have said—and I will repeat it—they are doing the job now. This is the only source of food and medicine for Biafra. The International Committee of the Red Cross has not flown a plane since mid-June. I suppose if I wanted to do so I could start a moral condemnation of this attitude, but what good would it do? I will say this; Canada has taken initiative. I think it was at Istanbul, or at the recent meeting of the ICRC, that a formula for relief was suggested that would be part of the covenant of nations, in other words, exercising the right of innocent victims of war. I hope very much that this will take effect. I think the avenue for the government to follow is at hand. I believe it is really quite bitterly ironic that Canairelief is to such a large degree funded by the United States government and funds from several countries in Europe.

I believe it is irony compounded that Canairelief may be forced to close down its relief operations because of the withdrawal of the support of the United States government, as a result of the indifference of this government. May I add that while the government has been unable to act, today the hon. member for Greenwood and myself, as directors of Canairelief, were recipients of $28,000 from the Ottawa branch of the Miles for Millions. I think this is a commendable act on behalf of that charity.

Some hon. Members: Hear, hear.

Mr. Fairweather: I want to pay this public tribute to that organization. It is a pity that there is a bit of polarization in this Parliament in respect of this issue. I cannot believe, if this motion is voted upon, that there will be party positions taken on a human tragedy such as this. I do not believe, when I walk down the corridor with a friend and colleague from the government, that his view and my view are very different about wanting to do something. Are we to believe that government supporters are any less moved than the other members in the House by the tragedy the world faces? Truly, the world faces this tragedy.

Is party solidarity so necessary that a member would allow it to stifle his concern? Mr. Speaker, there is so much that could be said about this issue. In the article in the *New Yorker* there is a most interesting philosophical discussion of the whole issue—perhaps "issue" is not the word—the whole case of the world standing by to watch. The world stood watching too many times in this century. The world debated whether matters were internal or external from 1932 to 1945. I, for one, am not prepared to have it said that this House or even this government, because it is the government of Canada, was unable to act because a matter was an internal matter. We must be flexible enough to deal with the issue. The issue, as has been said, is relief and

how to get it to those who need it. We can use the same flexibility in dealing with relief for Biafra that the Canadian Wheat Board, for instance, is using now in its dealings with the Peoples Republic of China, a government which we do not recognize. Nobody is doing a song and dance about that.

I am informed that a group of church leaders from Winnipeg has written to the Prime Minister asking him to appoint a mission to visit both sides in Nigeria and Biafra. The suggestion of these gentlemen is that Mr. Lester Pearson, who has a world-wide reputation, would be an obvious choice to head such a group. I received a bit of flak for making such a dangerous suggestion during the last debate. Surely, it is an initiative which might be recommended. The only qualification I would have is that the world is asking so much of Mr. Pearson at this stage. Jim Hoagland in last evening's edition of the Montreal *Star*, in an article entitled "Brinkmanship in Nigerian war", spoke of the mutual distrust. This is something which I think a really authentic or legitimate mission, if that is the expression, sent by the government of Canada could help alleviate. Mr. Hoagland said:

> The deadlock on talks at a time when they should be moving ahead seems to illustrate two important factors in the war that is Africa's agony:
>
> Neither side feels it can believe the other. The confusion over Biafra's November statements was matched by the incongruous incident of September, in which Nigeria's leader, Maj. Gen. Yakubu Gowon, said Nigeria would accept talks without pre-conditions, only to have his information minister, Anthony Enahoro, say two days later that Nigeria would not accept such talks.

If I might interpolate here, I think this too has been one of the problems in this country; that is, that Gowon, although a major-general and head of a military government is in effect a "captive" of more hawkish people within his cabinet. The article continues:

> Many analysts interpreted this as confirmation of a long rumoured split within the Nigerian leadership, with Gowon being in the dove camp that wants talks and Enahoro speaking for the hawks.
>
> The distrustful Biafrans will not accept even this possibility. Ojukwu's top advisers say the incident was carefully orchestrated to give the impression of Gowon wanting peace while doing nothing to obtain it.
>
> Neither side feels weak enough to bargain. The week following Ojukwu's press conference saw major air attacks by the Biafrans, which are likely to bolster the Biafran hopes that they can hold out until the Nigerians are willing to negotiate.
>
> The Nigerians retaliated, according to reliable reports, by resuming bombing of civilian areas in Biafra, and are capable of greatly intensifying such bombing if goaded into it.

[Mr. Fairweather.]

> Lagos also does not feel that it should gamble on losing at the peace table what it has won on the battlefield. The Nigerians are confident that, at the least, they can contain the Biafrans in the small enclave, and wait for them to crack.
>
> A visitor to both sides recently can see some of the frightening logic in each position. But the fruits of this logic are likely to become even more bitter for each side, unless meaningful talks are started—now.

The Acting Speaker (Mr. Béchard): Order. I regret to interrupt the hon. member but his time expired a few moments ago. Does the House give unanimous consent so that the hon. member may continue?

Some hon. Members: Continue.

Mr. Fairweather: Mr. Speaker, I am grateful for the minute or two the House has graciously given me. I keep saying this each time I receive consent to continue although it shoots down my argument for shorter speeches. However, I think we were very interested to read just yesterday about the initiative taken by Biafra to ask Switzerland and several other neutral countries of Europe to mediate a cease-fire. I think this is a significant development, but it does not change the need for humanitarian aid forthwith.

• (4:00 p.m.)

In the last few minutes I want to remind the House that it was on October 12, 1968 that Dr. Herman Middlekoop of the World Council of Churches sent a telegram to Secretary General U Thant requesting humanitarian aid for Biafra. I find it a matter of very real and terrible frustration that 13 months later the body that was supposed to be the salve of human suffering has been so bound up by outmoded concepts of sovereignty that it has not been able to respond. Even now, as I said, the Red Cross in its meetings has not been able to devise a formula supported by most men that would result in bringing relief supplies to the innocent victims of the internal war. But two and a half years of war and hundreds of thousands of lives cannot be dismissed any longer as being some internal matter. I really do not know what an internal matter is anyway, unless it is the gobbledegook of internal relationships.

If the United Nations will stand by and watch this tragedy unfold, then the only thing that national governments can do is to respond in the ways that are open to them. What is needed is a cease-fire as a prelude to a settlement. What is needed is an end to the supply of arms. What is needed is immediate

and substantial cash help to Canairelief by the government of Canada. What is needed is a mission headed, as some have suggested, by somebody of the stature of the right hon. Lester Pearson who will visit both sides—and this unfortunately has never been done by our special missions up to now. What is needed is a convention, as I mentioned earlier, guaranteeing to the innocent victims of war the right to food, medicine and shelter. I think that Canada has the credentials to be host to an international conference to begin what I suppose in the present mood of the world would be a long period of negotiation to devise an acceptable covenant which could be ratified by all nations.

Debates about whether death is an internal matter, and therefore beyond the ken of nations, or whether death is external and therefore an authentic issue for the concern of this country, seems to be a hollow debate indeed. I urge the government to accept the proposal advanced by the hon. member for Greenwood which has, I am sure, wide support, if the petitions from the people of this country are any criteria.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, today, we have before us a motion of censure of the government with regard to the tragedy that has been unfolding these last years in an important area of Africa.

I believe that the matter under consideration affects many Canadians, and not only politicians or churchmen, but also citizens interested in foreign affairs.

Last year, the house instructed the Committee on External Affairs and National Defence to inquire into the Nigeria-Biafra tragedy. I myself was on that committee which heard several experts about the situation prevailing there.

Following that inquiry there was a debate in the house. In fact, the two previous speakers made recommendations to the government which dealt mostly with disarmament.

Mr. Speaker, no doubt there is a civil war going on there. It is not a war between two foreign countries but one between the people of the same country. Corneille had written that "civil war is the realm of crime".

Undoubtedly in Nigeria, not only on the battlefields but also elsewhere, tragedies are played out and grudges are paid off.

• (4:10 p.m.)

There is no doubt that this war has the same effect as any other as far as getting supplies to the ones who are not involved in actual fighting. We know that many people are dying of starvation and others are suffering from malnutrition to the point that even if we succeeded in bringing relief to them, it might be too late to save them.

In a war of this type the problem is always the same, i.e., providing for the ones who are not directly involved. Indeed getting supplies to the soldiers is of paramount importance for the country. I think that General Gowon's as well as Colonel Ojukwu's first concern is to supply his forces. Old people, women, children, and generally people who are not on the battlefield are looked after last.

And the necessary steps are taken on both sides so that supplies will not reach enemy forces to strengthen them.

The war that is opposing Biafra to Nigeria is not different from other wars. It will cause insurmountable problems as long as the two parties involved do not, through negotiations, find a way to end this conflict which has lasted much too long already.

We have been advocating such negotiations between Nigeria and Biafra, but until now without any really effective result. We have been told that Colonel Ojukwu has asked recently for assistance from Switzerland, a country whose neutrality is well known and whose interventions are often successful in seltling disputes between some countries.

Apparently, it is expected that the reply of Switzerland will be consistent with its traditional policy. The Bern government would be willing to offer its services if the two opposing parties so desired and if the mediation had any chance of succeeding.

But now one country is requested to act as a mediator in order to reach a settlement while conditions are imposed that make any agreement impossible.

Therefore, I wonder whether the two leaders in this war have any sense of responsibility.

The UNESCO Constitution states, and I quote:

> As wars originate in the minds of men, it is in the minds of men that peace must build its defences.

I believe that it is on the two leaders that pressure must be exerted in order to bring this war to an end.

The government is asked to supply more food, more medical products and more supplies of all kinds to help the starving. That is

fine, but at the same time all necessary steps should be taken to put an end to the famine and to the war that is the cause of it. An agreement should be reached on the necessity of a real truce in order to bring to a stop the hardship that is prevalent in that part of the world.

The dispute between the two countries has not only to do with the fact that the Nigerians want to protect their interests. Foreign financial interests are also involved.

During the inquiry made by the Committee on External Affairs and National Defence, it was recognized that oil interests had contributed to the start of the slaughter which is taking place in this part of Africa.

Last year at the interparliamentary conference in Lima, a representative of Switzerland, precisely the country which is asked to act as mediator, said, and I quote:

> Economic and political interests are lurking behind this fatal aid.
>
> Without military assistance from Great Britain, the Soviet Union and a few other countries, the military government of Lagos would have been unable to launch a war against the Ibos.
>
> As for Biafra, it is not much better. France and Portugal also favour the secession to protect their own interests. By supporting Biafra, they hope to obtain some right on the oil resources of the Delta and the Niger. It is urgent to stop sending arms to either parties; to protect economic and political interests by supplying arms is one of the forms of neo-colonialism.

Mr. Speaker, in November 1968, when we dealt with the matter in this House, the Conservative member who has just resumed his seat moved, seconded by the hon. member for Greenwood (Mr. Brewin), and I quote:

> That the Canadian government, alone or in conjunction with like-minded countries, should take initiatives to persuade nations supplying arms to the combatants in Nigeria-Biafra to stop the flow of arms without which the war would soon no longer be possible.

That recommendation is in agreement with the Swiss delegate's statement at the Lima Conference.

Mr. Speaker, I do not know to what extent the Canadian government has put the pressure on to stop the delivery of arms to the belligerent forces in this war. But it is no secret that that country is unable, by itself, to set up the industries needed to produce the arms used in the slaughter. Such arms, therefore, come from outside.

The first thing to consider, if we want to end this conflict, is that the delivery of arms to both parties must be stopped so as to make

[Mr. Laprise.]

it possible to send the necessary relief supplies, namely food, drugs and building material, that country needs. Neither the Ibos, the Haoussas nor the Yorubas will be able to reconstruct Nigeria promptly, unaided, at the end of the war. They will need help and when that time comes I would like to see Canada take steps to supply everything they need to rebuild their country.

I therefore support the proposal that Canada should supply food and medical assistance to the agencies which have willingly faced danger to get relief supplies to those who need them. If the government is reluctant to put human lives in jeopardy and to risk damaging Canadian equipment to transport relief supplies, it can at least supply the required financial assistance, food and medical assistance and thus co-operate with the people who are ready to allay the distressing conditions prevailing over there.

And, in the very last place, I want to state once more that so long as the necessary steps to halt the war are not taken any assistance contributed will have to be constantly renewed. To put an end to suffering, we must stop creating victims.

• (4:20 p.m.)

[*English*]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should first like to thank hon. members of the opposition who expressed regret at the illness of the Secretary of State for External Affairs (Mr. Sharp). I want to thank them also for the reasonableness and sincerity with which they led us into this debate. I will try to stick to that approach when speaking of the very horrible event that is taking place in Nigeria today. Any armed conflict is terrible, Mr. Speaker. But when events conspire to make children the principal victims, then the horror of all persons turns to revulsion. We should be less than human if we did not attempt to alleviate that suffering. The debate today asks if government attempts in that respect have been correct; if Canadian policy should be measured by one criterion—contributing or not contributing to a single charitable operation.

Canadians possess no secret formula for concluding wars; they are not gifted with any divine guidance into the rights and wrongs of the arguments of strangers. Canadians do believe, however, that political quarrels

cannot be successfully concluded on a battlefield. The complex human relationships which must somehow be repaired and restored, the confidence which must be created in the place of fear—these difficult and sensitive tasks cannot be performed in an atmosphere of war. They can only be the product of consultation and negotiation.

Canada has repeated these views again and again to the combattants in this war, Mr. Speaker, and it has expressed publicly its attitude with respect to the supply of arms from outside. We have stated as well that we are anxious to do whatever we can to assist in such consultations or negotiations. Just as we made available senior and experienced Canadian military personnel to serve on the international observer team in Nigeria, we are ready to make available talented Canadian diplomats to contribute to the process of peaceful settlement.

To intervene when not asked, however, would not be an act of courage; it would be an act of stupidity. There are some 30 countries in Africa south of the Sahara which have achieved independence since 1957. Every one of these emerged into nationhood following a lengthy and anguished colonial history. No single act would be regarded with more hostility by any of them than the unilateral intervention of a non-African state into their affairs.

Some hon. Members: Hear, hear.

Mr. Trudeau: I say this, not from surmise, but because it was made very clear on at least two occasions by the Organization of African Unity. They have said that this is an African problem, and that outside interference in this conflict would not be welcome. Certainly, it is presumptuous on our part to think that we, white people who are far away in North America, know more about Africa than the 30-odd countries, the members of the Organization of African Unity which made the statement.

Some hon. Members: Hear, hear.

Mr. MacDonald (Egmont): That is not the question.

Mr. Trudeau: Because of that it would be wrong for the Canadian government to assist the Nigerian government militarily, but it would be equally wrong for the Canadian government to assist the rebel regime politically. Each is an act of intervention. Each would be a presumptuous step, an arrogant step, I would say, for a country so distant as Canada.

What Canada can do, and what it must do, however, is to attempt to feed the children who will starve to death without help. A starving child prompts an emotional response, and properly so. But that emotion must serve to assist the children, and not the reverse. It has been said by some hon. members opposite that this is the greatest human tragedy of our time. It may be, but I doubt it. The nature of man is so perverse that in the past few years there have taken place tragedies of indescribable proportions in several developing countries: the mass slaughters during the partition of India, the atrocities in Algeria, the massacres in Indonesia. Even while the Nigerian war continues, there have been bloody conflicts in the southern Sudan and in Chad. The Canadian government did not intervene, and is not intervening in these sad situations. No Canadian government did so, and no Canadian opposition party criticized those decisions, because of the inescapable limitations upon the effective actions which Canada can take.

The Nigerian tragedy does not become different from these others simply because some persons employ superlatives, or repeat accusations of genocide when these allegations have been proved demonstrably incorrect,—

Mr. Brewin: By whom?

Mr. Trudeau: —or relate highly inflated death rate figures. Nigeria is only different because we know more about it and because it is children who are the principal sufferers.

[*Translation*]

I suggest, Mr. Speaker, that there are several points on which there is no dispute among hon. members. We share a common revulsion to the suffering which has been brought about by this war. We share a common desire to aid the victims. We all recognize the fragile and inadequate nature of a night relief airlift which must share a single runway and surrounding airspace with competitive arms flights.

Where we differ is in our judgment of the best means to increase the flow of relief. On the basis of careful evaluations of reports received from qualified observers from many sources, the government has concluded that the only truly effective way of delivering adequate supplies of relief to Biafra is by way of daylight flights. Not only is a daylight airlift

safer but because of the different flying conditions, many more airplanes could be accommodated in any one day than in any one night. When one adds to these facts the additional fact that the airport would not be used for arms deliveries in the daytime, then the flow of relief would increase several-fold.

These facts, which are indisputable, prompted the Canadian government to do whatever it could to persuade the parties to permit daylight relief flights to occur. In making these efforts we attempted to understand and to meet the objections which were raised by one side or the other to the principle of daylight relief flights.

I related to this House on November 4, 1968 and again two days ago the Canadian initiative which exacted from the Lagos authorities a guarantee of safety for daylight flights. I am able to reveal as well that it was as a result of the visit of my representative to Nigeria in June of this year that the two essential elements of any daylight arrangement were identified and agreed to. These are the identification of the aircraft involved, and the inspection of the cargo.

Canadian efforts since that time have been directed to a means of assisting in this identification and this inspection. We have taken the position that it is not for us to assess whether the military fears of one side or the other are reasonable or responsible. Rather we have sought to produce a formula that would meet those fears, a formula which would assure the Nigerians that relief aircraft were in fact relief aircraft, that relief cargos were in fact relief cargos, in short a formula that would assure to the Biafrans that the aircraft were not disguised bombers or troop-carriers; that food parcels were not tampered with; that daylight flights could not be used as a cover for a hostile military operation.

The negotiations conducted this summer by the International Committee of the Red Cross were based upon these principles.

• (4:30 p.m.)

[*English*]

That is why, Mr. Speaker, I think it is slightly unfair to suggest, as was done by the opposition this afternoon, that the Red Cross has been bogged down and caught up with outmoded concepts. This is not the aspect which has deterred the Red Cross from attempting to bring its mercy flights to the Biafrans. That operation stopped, as the member for Greenwood (Mr. Brewin) said, after a Red Cross aircraft was shot down in the middle of the night.

Mr. MacDonald (Egmont): Nonsense; it was six o'clock in the evening.

Mr. Trudeau: Even though it may have been clearly marked, it was shot down in conditions of poor visibility—entre chien et loup. It was following that that the Red Cross stopped flying. It did so not because problems of sovereignty were raised, but because it realized, as I think we realized prior to that, that it would be infinitely better to reach agreement to fly by day. The reasons that agreement has not been reached, as I shall show in a moment, are not because of outmoded concepts of sovereignty, but because both parties have been unable to come to an agreement as to the conditions under which the Red Cross could pursue its mercy flights during the daytime. Therefore, Mr. Speaker, it is not a legal technicality. It is a question of whether the Red Cross is permitted to make its mercy flights during the daytime.

[*Translation*]

When the Ojukwu regime balked at the implementation of the proposed agreement because of fear of military disadvantage, Canada was disappointed but it made no public entreaties or complaints. We thought that the Biafran fears were unfortunate and, indeed, that they were unjustified, but we nevertheless attempted to meet them. We consulted with United States officials and in particular with Ambassador Clyde Ferguson who is President Nixon's relief coordinator and whose exhaustive trips into the area and discussions abroad have made him probably the most knowledgeable and qualified person in the world on this question. A formula of assurances was devised which we sincerely thought met every one of the Biafran military objections.

The government was shocked, Mr. Speaker, when that offer of assurances was turned down out of hand by Colonel Ojukwu. It was even more shocked when Canadian officials were informed by Biafran representatives that military assurances were not enough, that fear of military disadvantage was not the main reason for Biafran rejection of daylight flights, that desire for political advantage was the reason.

I have been asked, Mr. Speaker, to spell out the Biafran demands in these respects. I have been reluctant to do so because this would be a breach of the normal rules which regulate

discussions of that sort. I will only add that Canada was asked for an assurance of a political character, and of a nature so extreme that no government could accede to it and still make any claim to non-intervension and non-support of the political aims of one side or the other. Those persons who have repeated so often their contention that Canada as an impartial country could play a mediator role would, I am sure, be the first to object to Canada placing itself in such a position.

[*English*]

Mr. MacDonald (Egmont): I wonder if the Prime Minister will permit a question?

Mr. Trudeau: Perhaps you could ask the question when I have finished speaking.

Mr. MacDonald (Egmont): If the Prime Minister will agree to be here, fine.

Mr. Trudeau: As far as I can answer them, I will. Perhaps I will be answering them during the remainder of my speech.

The resolution before the House urges the government to support Canairelief, Mr. Speaker. The government recognizes the courage of the pilots and crews of the joint church aid aircraft, and regrets that they are forced to risk their lives every night in order to carry out the task they have assumed. From my place in this House I have urged Canadians to support the efforts of Canairelief through generous financial contributions. I applaud the one which was mentioned this afternoon by the hon. member for Fundy-Royal (Mr. Fairweather), but it is unfortunately a matter of record that those contributions have been far short of the amount needed.

It is also a matter of record that Canairelief qualifies under United States laws, as a carrier of United States foreign aid, for freight payments. It was for this reason that the hon. member for Greenwood was quite correct, Mr. Speaker, when he referred to the indirect assistance which Canairelief receives from the United States government. Those freight payments will continue so long as Canairelief carries cargoes of preponderantly U.S. origin. In the result, Canairelief, a private Canadian charitable organization, is employed as a cargo airline, engaged in the carriage of U.S. goods to Biafra, and is receiving payment for that task. I say this not critically but as an explanation of the position in which Canairelief finds itself. I say it also as a refutation of the totally baseless charge made Tuesday by the Leader of the Opposition (Mr. Stanfield), and repeated today by the hon. member for Fundy-Royal, that, in the words of the Leader of the Opposition, "the United States is likely to withdraw its support of Canairelief because the Canadian government will not support its own citizens". There is absolutely no foundation in fact for that allegation, because the support of United States government stems from the situation as I have described it, not as the hon. gentlemen mistakenly believe.

The Canadian government has not granted any support hitherto to Canairelief, Mr. Speaker, for two reasons. The first is that our contributions were made to the International Red Cross, which at that time was the only agency flying relief to both sides in the conflict. Supporting the Red Cross was consistent with our aim of impartiality in the war. The Red Cross amassed a proud record: 2,030 flights, carrying over 23,000 tons of relief supplies.

Our second reason stems from the argument I made in French a few moments ago: that in our view all government efforts should now be focused on daylight flights.

It will be remembered that Canairelief commenced its operations as complementary to the government-assisted Red Cross flights. It was correctly recognized that there were limits to the government's freedom of action, limits expressed not just by the Nigerian government but by more than 30 African governments in the OAU, and that there was a role to be played by a private Canadian organization. The Canadian government welcomed that initiative.

I have said many times that if Canadians, private organizations, and, I hope, members of the opposition and on this side of the House, want to help Canairelief it is an act of which we will certainly approve. I have said that many times.

Mr. Diefenbaker: That's generous, isn't it?

Mr. Trudeau: I am surprised that the right hon. member does not realize there is a distinction between a government acting in political matters and private organizations—

Mr. Diefenbaker: The government will do nothing; that is the distinction.

Mr. Trudeau: The right hon. member says we will do nothing. I suggest that because that was his experience, he is now sitting in opposition.

Alleged Failure to Aid Biafrans

• (4:40 p.m.)

Some hon. Members: Hear, hear.

Mr. Trudeau: I think that what the government, as a government, cannot do, private citizens can do and have done. For the government's part, while assisting the Red Cross we were at the same time pressing for daylight flights. Now that the Red Cross is no longer flying, it is all the more imperative that some massive relief operation get under way.

The government readily admits, and has said so before, that it faces a question which demands continual and urgent examination—whether to take steps such as assisting Canairelief, which are likely to be objected to by the Nigerian government, or to take steps such as dropping food by air in daylight which are again likely to be objected to by the Biafrans. I recognize that this could be interpreted as a decision involving a value judgment about which side in the war is at fault. I hope we shall not be forced into such a judgment but, instead, reach only a decision as to which is the most effective way of alleviating the suffering.

I suggest that this attitude on the part of the government and these persistent endeavours cannot in any circumstances be described as indifference, as partisanship or as stubbornness. We are doing what we think is right and what the overwhelming majority of African leaders tell us is right. Hon. members opposite would not suggest, I am sure, that compassion is to be found only on their side of the House.

Some hon. Members: Hear, hear.

Mr. MacDonald (Egmont): Could I put a question to the Prime Minister? He has indicated that the Biafran authorities now expect political guarantees, though he has been reluctant to mention the nature of those guarantees. Are we to understand that they relate to some kind of diplomatic recognition? Is he not being somewhat unfair to the Biafran authorities by not clearing the air on this issue, by not indicating why he is taking his present position? Some of the things the Biafrans have said relate to certain kinds of sanction, which could amount to a kind of political recognition. Or was it more specifically stated than that?

Mr. Trudeau: I am referring to matters of this precise nature. From the question, I assume the hon. member has some very precise information about the type of conditions which have been made by the Biafran representatives. I can only repeat that the hon. member seems to know much about this. I have said publicly that if the Biafran authorities want to state publicly what these conditions are, I do not mind; it will be up to the House and to the country to judge whether or not they are tantamount to political conditions. It is our opinion that they are. I am not anxious to make public the details of discussions which took place between the two parties. I am sure that if I were to do so I should be blamed, just as the United States was blamed when it made public some discussions which had taken place in confidence between it and the North Vietnamese. Once again, if this were to be denied by the Biafrans and if they say there are no political conditions, we shall be delighted; I shall have been proved wrong in my information but we shall be able to begin the daylight flights. I repeat: the military guarantees which had been asked for by the Biafrans were all met as far as we can see. The Red Cross obtained consent from the Lagos government to meet all that was required by way of military guarantees. The Biafrans wanted more than military guarantees; they wanted political guarantees. These, we were unable to give for the reasons I have stated.

Mr. MacDonald (Egmont): May I ask a further question?

Mr. Deputy Speaker: Order, please. I wonder whether we should pursue the debate in this way. I see that the hon. member for York South (Mr. Lewis), the hon. member for Greenwood (Mr. Brewin) and the hon. member for Oshawa-Whitby (Mr. Broadbent) all want to ask questions. I am sure the hon. member for Greenwood wants to ask a question. I am prepared for the House to proceed in this way, but it is not a practice I wish to encourage. Having said this, I shall call the hon. member for Greenwood and perhaps end the exchanges at that point.

Mr. MacDonald (Egmont): On a point of order, Mr. Speaker. This is a major question which has troubled parliament and the country for well over a year. We have had a number of special debates on it. I think the value of a debate lies in a real dialogue taking place, not in the expression of fixed positions from one side of the House or from the other. I think this is what the Prime Minister himself would wish. During these

formal debates there is really not much time; an hon. member, or a minister, delivers a speech and disappears; it becomes a monologue, rather than a dialogue. If we wish to make progress, there must be real dialogue, not monologue.

Mr. Deputy Speaker: I may say I am as aware of that as is the hon. member. But we are not in committee of the whole and it is not our practice to proceed as if we were. I allowed the hon. member to ask a question and I now propose to allow the hon. member for Greenwood to ask a question. After that, I propose to recognize the hon. member for Prince Albert (Mr. Diefenbaker).

Mr. Brewin: I should like to ask the Prime Minister whether his impression of demands of a political nature made by the Biafran regime are based upon direct contact by any Canadian representative with that regime, or on secondhand information from some other organization. If the latter is the case, would the Prime Minister not seriously consider making some form of contact with the Biafran authorities—I am not asking for diplomatic recognition—as a result of which it could be accurately determined whether that regime was in fact insisting not on military consideration but on rather impossible political consideration?

Mr. Trudeau: I said two days ago that we have been in contact with the Biafran authorities. The Secretary of State for External Affairs (Mr. Sharp) was in touch with them in New York at a ministerial level; Canadian government officials have made contact at their level in Geneva, London and elsewhere.

• (4:50 p.m.)

Mr. Brewin: I am talking about the guarantees.

Mr. Trudeau: These Canadians have had various contacts with the Biafran authorities. I cannot say whether the particular guarantees to which the hon. member refers came directly from Canadian officials or indirectly through Canadian officials after they had been negotiated. I do know that most of the negotiation at this stage was conducted by the Red Cross and by Ambassador Ferguson. Surely, there is no suspicion on the part of the hon. member that the Red Cross is trying to find some way of not sending mercy flights to Biafra?

Mr. Stanfield: No one said that.

Mr. Trudeau: No one said that, but—

Mr. Brewin: Mr. Speaker, I rise on a question of privilege.

Mr. Deputy Speaker: Order. The hon. member for Greenwood is now rising on a question of privilege.

Mr. Brewin: The idea suggested by the Prime Minister was furthest from my mind. I never intended to say that the Red Cross was dragging. I merely asked the Prime Minister whether he had had any direct contact concerning the guarantees, or whether he was basing his judgment on second or third hand reports. I think he has now given us the answer.

Mr. Trudeau: If the second hand report was from the Red Cross—

Mr. Stanfield: Well, say that. That is all we want to know.

Mr. Trudeau: Why did the hon. member say: "If it is not first hand, why don't you get it first hand?" You cannot on the one hand say that to get reports second hand from the Red Cross is beautiful and on the other hand that I must get them first hand. We trust the Red Cross.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. Before recognizing the hon. member for Prince Albert I might interrupt the debate to announce the questions to be debated at the time of adjournment tonight. The hon. member for Hillsborough (Mr. Macquarrie)—Post Office; the hon. member for Comox-Alberni (Mr. Barnett)—Indian Affairs; the hon. member for Malpeque (Mr. MacLean)—national defence.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NIGERIA-BIAFRA—ALLEGED FAILURE TO TAKE MEASURES TO RELIEVE STARVATION

The House resumed consideration of the motion of Mr. Brewin:

That this House regrets that the government has failed to take adequate measures to relieve massive

starvation in Nigeria-Biafra and, particularly, regrets its repeated refusal to assist Joint Church Aid and Canairelief operations which have continued to deliver substantial relief despite great hazards, and urgently requests the government to change its policy in this respect.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, the House has listened to a lecture by the Prime Minister (Mr. Trudeau) on a matter that touches the hearts of all Canadians and in respect of which there is universal demand for action on the part of the government. The Prime Minister condescendingly told the House that any member of the opposition who wanted to contribute to Canairelief would receive his approval. This represents the attitude that has been shown throughout by the Prime Minister.

All I have to do, Mr. Speaker, is to recall some events. First of all, when the Prime Minister was asked during one of his visits to a part of Canada some 15 or 16 months ago what he was going to do about Biafra, he replied: "Where is Biafra?" That was a facetious observation. The other day during the course of the debate he turned to an opposition member and said: "Have you ever been to Biafra? I have". Yet, when this serious question was asked, the Prime Minister brushed it aside with an observation that had no basis in fact.

In addition to that, we recall very well an occasion in the city of Halifax when a number of young people gathered round the Prime Minister and asked him what was going to be done about Biafra. I am very pleased to see the Prime Minister leaving the chamber, because he knows he cannot face the facts.

Some hon. Members: Shame.

Mr. Diefenbaker: This tells the story. Whenever the Prime Minister is worried about criticism, he always absents himself; he cannot stay to face the facts. What he means by dialogue is that one should listen to him. Apparently he speaks *ex cathedra*. When the members of the House dare to speak, he departs. This is because he believes in unilateral discussion in the House of Commons. The Prime Minister regards this institution as something of a debating society, and he appears whenever he or any of his selected ministers decide it appropriate to do so.

Some hon. Members: Order.

Mr. Diefenbaker: That is the fact. Will these trained seals explain to me why the Prime Minister left?

[Mr. Deputy Speaker.]

Mr. Walker: Mr. Speaker, I rise on a point of order. May I point out that all through the speech of the hon. member for Fundy-Royal (Mr. Fairweather) the Prime Minister remained in the House. I presume the hon. member was speaking for his party, and certainly his remarks had much more relevance than the remarks of the right hon. member for Prince Albert (Mr. Diefenbaker).

Some hon. Members: Hear, hear.

Mr. MacEwan: You're a great help.

Mr. Deputy Speaker: Order, please. I might point out to the hon. member that he has hardly raised a point of order. The appeals for order that are being made on both sides of the House make it very difficult for the Chair to hear the right hon. member for Prince Albert. The right hon. member has the floor.

Mr. Diefenbaker: Mr. Speaker, today we received a lecture in the form of an alibi. Is the government of Canada going to contribute to Canairelief? The answer is that it is not. That was quite definitely stated, though it was suggested that following 18 months of consideration on the part of the government the government is still considering ways and means that might be taken.

Let me recall what happened in the city of Halifax when the Prime Minister was asked by a group of students whether he would do something on behalf of the poor people of Biafra. The Prime Minister's reply was: "Would you have expected to give support and food to the Nazis at Stalingrad?" That answer indicates a state of mind that is detrimental to fair and reasonable discussion.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I do not mind the noise. Some of the members opposite make their best contributions when they interrupt from a seated position. But they know what is in their hearts. When they go back to their constituencies, they will say that they hope something is going to be done, that they know something will be done. They will say: "We cannot understand why the opposition presses for action, because for 18 months we have been trying to give consideration to this matter. We are giving the question our deepest thought and perchance at some time, somewhere, we will do something".

While this consideration is being given to the matter, tens of thousands of people are

dying. They are dying because they have no food. They are dying because some African states say they know better what to do than humanitarian nations in other parts of the world.

No one has explained why this question was not brought before the United Nations. Can any member among those who were interrupting a moment ago tell me why this question has not been put before the United Nations? A year ago last October the Secretary of State for External Affairs (Mr. Sharp) said: "If we find that that can be done, and it is necessary to be done, we intend to do it".

I want to refer to the record of a number of Canadians, many of them outstanding Liberals, who have been deeply disappointed at the fact that this government has adopted a squalid, nasty, unreasonable and hypocritical attitude to one of the most serious questions of humanitarian need that we have had to face in many years.

• (5:00 p.m.)

On October 28, 1968, there was an open letter in the *Globe and Mail* to the Prime Minister on the Nigeria-Biafra war. Under the heading "What is happening?", it reads:

> There is general agreement among observers recently returned from Biafra that several thousand civilians are dying every day from starvation. Within weeks this figure will reach tens of thousands when the last stores of bulk food are exhausted. Reporters are equally convinced that even an apparent military victory by the federal troops will not end the fighting since the Biafrans are determined to continue a prolonged guerrilla resistance.
>
> By sending some food and aircraft to Nigeria and Biafra, the Government has shown the Canadian people that it accepts a responsibility for international action where human suffering has reached disastrous proportions.

The open letter has other headings such as "What should be done?", "How can this be done?", "What should Canada do". Under that heading it states:

> Canada should greatly increase its efforts in cooperation with like-minded nations to:
>
> have a ceasefire resolution adopted at the United Nations—

Canada refused to place this matter before the United Nations, though it has been asked over and over again.

Secondly, the open letter suggests that there should be a stop in the supply of British arms to Nigeria. I think the strongest objection should have been made by this government to the Wilson Government for supplying Nigeria with arms and thereby prolonging the suffering there.

The letter then suggests that we should exert direct and public pressure to end the fighting and re-establish negotiations. This letter was signed by Stephen Clarkson, a Liberal candidate in Toronto for mayor; Allen Linden, chairman of the recent Harrison Hot Springs conference; Marshall McLuhan, the conscience of the Prime Minister; Tim Reid, M.P.P.; Peter Russell, Professor in Toronto and a leading Liberal; Professor John Saywell, who was one of the supporters of the right hon. gentleman for the leadership of the Liberal party; Charles Templeton; Leon Weinstein, the man whom Senator Keith Davey brought forward as a potential nominee for the Liberal party for mayor of Toronto.

They said this question should be brought before the United Nations and many others joined with them. These are outstanding Liberals but what did they get? They simply received, 13 months after they made that declaration, a pious statement by the Prime Minister that there is nothing that can be done—that in effect is what he says—except through assistance from private quarters.

I want to congratulate the hon. member for Greenwood (Mr. Brewin) and the hon. member for Fundy-Royal (Mr. Fairweather) on the expression of their viewpoints which they placed fairly before the House.

The attitude of the Government is not that it is marking time but that it is standing still. It is defying the people of Canada openly, overtly and unjustifiably. People ask for action and they receive the reading of an essay on the subject of international relations. I will deal with that in a moment.

We have with us today in this city Mr. Stanley Burke, formerly connected with the CBC. He is a man who gave up his position because of the situation in Biafra and the appeal to his humanitarian sentiments.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: We think of the sacrifices of Canadians. Four of these brave men, as a price of their emergency flights, in the month of August, 1969 gave their lives. The Government of Canada dare not continue to defy the hopes and desires of the people of Canada. The Prime Minister can leave. Anyone who runs away lives to speak another day. He can leave, he can evacuate the House, but by his actions today he showed more clearly, more

definitely and more assuredly his disregard for this institution which he is endeavouring to remake in the image of the Congressional government of the United States.

What can be done? Toward the end of last year the Biafran authorities completed preliminary surveys for a relief airstrip. In an undertaking with Canairelief and Joint Church Aid, the Biafrans cleared and levelled a strip to be used exclusively for relief purposes. If the Canadian government wishes to send any relief, and certainly the speech of the Prime Minister today indicates no such desire, it could complete this strip easily and quickly by laying down a metal military emergency grid. This could be done in a matter of hours by a military team. Biafran authorities have stated that such action would be deeply appreciated.

Dr. Otué, the senior Biafran representative in New York, is in Ottawa today and has given his personal assurances. Hercules aircraft could thus be flying in food by the hundreds of tons within a matter of days. The food is stockpiled at Sao Tome in thousands of tons. In addition, there are several thousands of tons of Red Cross supplies which have been lying around deteriorating since last June.

Sir, I am shocked by the attitude of the Prime Minister today. He represents all of the people of Canada. He does not want to engage in any dialogue, but would rather have us listen to his monologue. Isn't it about time this Government decided that it should act?

Since June 5, the Red Cross, jointly with Canairelief, has carried into Biafra over 30,000 tons of food, so that in contrast with the negotiations that are going on between the Red Cross and the authorities in Nigeria the population has been assisted to this extent. Canairelief, the Canadian company or group, has just completed its 500th flight. It uses, at the present time, 4 superconstellation planes, and could fly another four flights if additional funds were available. I say to the Government, furnish these funds.

Canadian people are responding well but there are limits. Do you mean to tell me that the Canadian Council of Churches or the other organizations which have joined together for action should be spurned in the way they have been by the expression of the views of this Government today? Why will the Government not contribute to Canairelief?

The Prime Minister today produced a legalistic formula. The request was made in

[Mr. Diefenbaker.]

August and there has been no reply made or there was not up to the day before yesterday. There has been neither a yes nor a no in reply. The Government has hidden behind protocol and pretended international legal principles in order to deny hundreds of thousands of starving people at a time when Canada has the largest surplus of wheat—1,400 million bushels—in its history. The Government says this cannot be done. Let us simply look at the facts. For a long time the Government said it was unable to get any information from the Nigerian leaders or those associated with them. That was in September and October of 1968.

• (5:10 p.m.)

I decided, as a private member of parliament, to send a message to General Yakubu Gowon, State House, Lagos, Nigeria, imploring him to expedite the clearance of Canadian aircraft to permit relief supplies of food and medicine to be delivered to those parts of Nigeria affected by the civil war. The message continued:

> Along with tens of thousands of Canadians I heard you in August in an interview on CBC undertake to assure delivery of relief supplies to the afflicted whatever their political affiliations. The words you used were "I have told you the supplies will get through, I will see to it that it is done". Will you in the name of humanity now do that which you undertook and as a humanitarian assure that innocent children and others in need will secure the available supplies which Canada desires with all its heart to provide.

Within a matter of four days I received a complete answer thereto from Major General Gowon in which he pointed out that he could not understand my message. He said that there is nothing being done on his part or on the part of those associated with him to interfere in any way with food going into Biafra. He said further:

> I have at no time failed to honour my pledge to do everything possible to ensure that no one in this country suffered unnecessarily as a result of this war. Unfortunately there are areas to which the authority of my government cannot yet be extended and these are the areas from which the stories of harrowing distress issue but even then my government has made repeated offers of practicable means of getting relief supplies to them. Unfortunately the secessionist leaders have consistently turned down these offers and their supporters in Canada are taking the public for a ride by concealing these facts while parading statistics of the magnitude of distress.
>
> There need be no cause for you to be concerned that relief is not reaching those in need who can be reached. My government is ensuring that more and more of such persons are continuing to be reached.

Well, we know what the results are. We know that those statements made by him—although he did answer the request and the plea—were not based on facts. That we know. They tell me the latest excuse is that constitutionally this cannot be done. I have before me a constitutional summary respecting this matter and in particular the right of any country to give humanitarian aid to those who are suffering. Humanitarianism has no protocol.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Dr. Edward McWhinney, Q.C., Professor of Law, McGill University, on October 30, 1968 set out in detail the situation. He said there is no constitutional basis for the fatuous excuses being made by the Canadian government in refusing to act. He said further:

—we have heard a number of arguments, legal and otherwise, against using Canadian military planes to transport Red Cross non-military supplies to Biafra. It has been said that that would be a legal act of war; though since the test of a legal act of war, according to both Soviet and Western doctrine, focuses on the purpose to which the activity is directed—here a humanitarian one—this argument is surely legally untenable. Beyond this, a right of humanitarian intervention, limiting the internal sovereignty of any state when it acts contrary to the laws of humanity, has been recognized since the time of Grotius, the founder of modern international law, in the early 17th century. Further, in reaction to the crimes committed during the Hitler era, the World Community has moved decisively to limit the old absolutist claims of national sovereignty, by positive law measures like the Nuremberg War Crimes Tribunal, the Universal Declaration of Human Rights, and the Genocide Convention itself, thus filling the gaps in the "old" international law. Not merely, therefore, would Canada or any other country seeking to have the UN General Assembly discuss the Nigeria-Biafra conflict not violate Nigeria's claimed sovereignty: in fact, we would be fulfilling a positive duty cast upon all members of the World Community, under the "new" international law created since the downfall of the Nazi régime, to bring up alleged violations of human rights for public discussion in the United Nations.

Mr. Speaker: Order, please. As the right hon. gentleman knows, according to the rules his time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

[*Translation*]

Mr. Ouellet: Mr. Speaker, on a point of order.

I would like to tell the hon. member that I agree to let him go on with his speech, but nevertheless I would like to point out to him that when he delivered his last speech—

Mr. Speaker: Order, please.

Mr. Ouellet: —on agriculture—

Mr. Speaker: Order, please.

Mr. Ouellet: —he also talked longer than he was allowed to according to Standing Orders.

[*English*]

Mr. Speaker: Order, please.

Mr. Woolliams: Tell him to sit down.

Mr. Speaker: That is not a point of order. What is now before the House is a question from the Chair whether there is unanimous consent. There would appear to be unanimous consent that the right hon. member continue.

Mr. Diefenbaker: Thank you very much. I was about to point out that there is no justification for the narrow interpretation of the government, that it has, in fact, the right, wherever the demands of humanity appeal to the hearts of people, to do that which we have asked for and which is being asked for today in the resolution before the House. Indeed, the World Organization of Jurists—and I shall not quote this because it is a lengthy quotation—which is representative of judges or former judges everywhere in the world has declared that there is a right to act on a humanitarian basis. But the government of Canada stands firm and unmoving. To me, this is one of the most callous and squalid stands any government could take in a time of need and suffering.

The Prime Minister reads to the House of Commons a dissertation to exculpate the government and in doing so indicates clearly that so long as he remains Prime Minister he intends to stand against any effective action being taken to meet this terrible tragedy which today fills the heart of all mankind.

Some hon. Members: Hear, hear.

Mr. David Lewis (York South): Mr. Speaker, I join the right hon. member for Prince Albert (Mr. Diefenbaker) in regretting that the Prime Minister is not present in the House for the debate, although I must assume, and do assume, that he left because of some urgent appointment he may have had. I regret it, Mr. Speaker, because I think it is important. It is important that he hear what other members of this House have to say about his speech today and the statement he made on

Tuesday which I can describe only as an apologia, an apology for his guilt.

Some hon. Members: Hear, hear.

Mr. Lewis: The Prime Minister says quite rightly that all the compassion is not on the benches of the opposition. Whoever suggested it was? No member on this side of the House has any doubt that all members of the government are as concerned, are as decent, and are as willing to help as is any member of this House or any other citizen of Canada. But that is not the question. The question is that the government is in a position to do something and is refusing to do it. That is the question. Protestations of compassion, protestations of concern or self-righteous and self-serving assurances of a guilty heart do not feed a single baby in Biafra. This merely disgusts those who want to see some action taken. I say this because the Prime Minister gave us a series of excuses which I, for one, cannot accept. What we are saying to the Prime Minister and to the government in this resolution today—and it has been put very eloquently and simply—I can put in one sentence. Since June of this year the flights of the International Red Cross have not taken place those flights ceased last June.

• (5.20 p.m.)

Since June of this year the only aid to the starving people of Biafra has come through Joint Church Aid and Canairelief, and it is fatuous, callous and distressing for the Prime Minister (Mr. Trudeau) to sit there and tell us—despite the fact that the only assistance that Biafrans have received since June of this year has been assistance through these church agencies—that he will not help them because he thinks Lagos will not approve. That is precisely what he said. He did not say that Lagos had been asked and has refused. He did not say that anyone from his office had gone to Lagos and said: "we want to help Canairelief. Can we, as a friendly nation, have your agreement to that?" He said that this government in Canada, in a straightjacket of heartless protocol, decided that it cannot undertake this help through Canairelief because of the possibility that Lagos may disapprove.

This is the issue before the House.

Mr. Kaplan: Lagos disapproves of night flights?

Mr. Lewis: So far as I can read, Lagos disapproves of anything that will help the people of Biafra to survive. I think that General Gowan would probably say: "Oh, I am a compassionate man. If I can be assured that night flights are only for relief, I will not stop them".

I do not know what Lagos approves or disapproves. There are inconsistencies in the government's position. I ask members on the government side of the House to stop being so shackled by partisan attachment and to look at facts honestly and with open eyes. The Prime Minister of Canada has implied time and time again, although he did not say it today: "when we sent Professor Head to Africa, we could send him to Lagos because we have relations with Lagos. But, if we want to communicate with Colonel Ojukwu, we cannot send him there because that would mean some kind of direct recognition of Biafra". So we send him to Tanzania to speak to Nyerere in order to communicate with Colonel Ojukwu. But in the next sentence the Prime Minister informs us with pride that the Secretary of State for External Affairs (Mr. Sharp) has been in touch with Biafran officials in New York. What kind of inconsistent nonsense is that? If it is possible for a minister of the Crown to meet Biafran officials in New York, why is it not possible for a representative of the Prime Minister to meet Colonel Ojukwu in Biafra? Can someone tell me that? The fact of the matter is—and this is what is so distressing in the situation—that the Prime Minister and the government are so completely enclosed in certain assumptions of protocol, and in certain political assumptions about secession from Nigeria, that they are determined not to do anything of which Lagos might disapprove even remotely. This is not good enough.

My friend and colleague, the hon. member for Greenwood (Mr. Brewin) and the hon. member for Fundy Royal (Mr. Fairweather) introduced the debate on a high tone. The Prime Minister expressed appreciation of that and so do I. Everyone in the House does, but it is regrettable that the Prime Minister was not frank with the House in his speech. It was regrettable that we had to listen to circumlocutions and tortuous explanations which made neither for consistency nor made sense and which represented nothing of the humanitarian approach which this situation requires.

The Prime Minister said that the Organization of African Unity does not want people from outside Africa to intervene. Who asked him to intervene? Who on this side of the

House asked the Prime Minister of the Canadian government to intervene? We asked him to help save lives. If that is intervention, then it is about time we intervened. When you are in a situation where there are two sides in a conflict, one side of which, Nigeria, has a mass of territory, an approach from the water and most of the air space, while the other side, Biafra, is a little enclave with a blockade by land and a blockade by water so that food cannot be brought in in any other way than by assistance from the world, what protocol should prevent a civilized society such as Canada from offering that assistance?

If the Canadian government informed Lagos that it had decided to give direct assistance to Canairelief, in view of the fact that no other assistance is available to the Biafrans, I do not believe for a moment that General Gowan would dare object to that simple humanitarian act by Canada.

Mr. Diefenbaker: That is what he said in a letter.

Mr. Lewis: It was significant the Prime Minister did not suggest that there was this kind of contact with General Gowan on this point.

The Prime Minister and the government have a diabolical preoccupation with daylight flights. Only daylight flights will satisfy the requirements of this government. First of all, the Prime Minister was simply wrong when he suggested that daylight flights, as agreed to at this time would bring more food to the Biafrans. This is not true. The number of planes would have to be increased by a great many more than are now available to the Red Cross to even approach what is being delivered to Biafra on the night flights by the joint church organizations.

Secondly, the desire of all of us is not limited to daylight flights. I think our government should not only be working for daylight flights but for both daylight and nighttime flights, as well as for the provision of assistance through the Niger River and, in time perhaps, the provision of assistance overland. Even if we obtained agreement to daylight flights, is it sensible to suggest that night flights be ended? Can one possibly deliver enough assistance to the starving millions in Biafra? Is it wrong to continue night flights, even when there are daylight flights? What is this obsession about daylight flights except for insistence on a tight protocol so as to satisfy every desire of Lagos.

I do not know what the Prime Minister is talking about when he speaks about agreements, unless he refers to the copies of agreements which I hold in my hand. One of them was made on August 27, 1969 between the Biafran authorities and the International Red Cross. This agreement laid down certain rules. Let me read the introduction, which is as follows:

> With reference to the note dated August 1, 1969 from the International Committee of the Red Cross to General Odumegwu Ojukwu, Head of State of Biafra, the ICRC proposes the following modalities.

I am informed, I am sure accurately, that these modalities were all accepted by General Ojukwu on August 27, 1969. They provide for controllers from neutral states approved by Lagos, controllers from neutral states approved by Biafra, and Red Cross participation in watching these flights and what goes into the planes.

• (5:30 p.m.)

There was no suggestion in that document about any military, political or other demands. I do not know what the Prime Minister is talking about. Maybe he knows. Perhaps there is something in his file that we lesser mortals have not seen, but I do not know what he is talking about. I do know there is a signed agreement between the ICRC and Lagos which was arrived at some time after the agreement with Biafra. As I piece the situation together—and my inquiries suggest that I am piecing them together accurately—the International Red Cross went to Biafra and obtained agreement on the modalities which it proposed. It then went to Lagos to get similar agreement from Nigeria, and Nigeria refused to agree to the ICRC proposals and made its own demands.

Listen to some of the demands.

> Cargo and personnel aboard the relief aircraft shall be controlled at the ICRC operational base by
>
> —a representative of the federal military government
>
> —a representative of the ICRC
>
> —a representative of the host government.

That is, the host government of the operational base. There is no room for a representative from Biafra in this arrangement for control; they are to be completely ignored. There is a proviso that the federal military government representative may function alone for certain of the purposes enumerated, to see what cargo goes on a plane and what people board it. The Nigeria representative may act alone as the sole controller in that

situation. Further on there is a provision which my colleague the hon. member for Greenwood read, that the personnel belonging to other voluntary agencies may be on the planes; but how are they to get on? The provision refers to personnel belonging to other voluntary agencies recognized by the federal military government, so if Canairelief or Joint Church Aid is not, as is the case now, recognized by the Nigerian government, they cannot have anything to do with these flights. There is a further provision about the way the planes are to be marked. How are they to be marked? The agreement states:

> Routings to and from Uli, call signs, radio communication, emblems, types of aircraft and flight schedules shall be as agreed from time to time by the ICRC with the Nigerian Air Force and the Nigerian Army.

Then, this document states:

> This agreement shall be without prejudice to military operations by the federal military government.

Who is making military demands, Mr. Speaker? Is it Colonel Ojukwu? If the Prime Minister has not seen the document to which I referred earlier, I am sure it is somewhere in the files of the East Block and he ought to be able to get a copy of it.

Mr. Diefenbaker: May I ask a question, Mr. Speaker? In case there is no assurance that the Prime Minister can get the information, would the hon. gentleman place those records on *Hansard,* because they would be very useful?

Mr. Lewis: I read some of them, and I do not believe that as an ordinary Member of Parliament I can table anything. But I shall make them available, if the Prime Minister and the Secretary of State for External Affairs (Mr. Sharp) do not have them. Between my colleague and myself, we will provide copies. I think what is more objectionable, if anything could be more objectionable than the sections I have read, is the last one:

> This agreement shall be for a period of three weeks from a date to be agreed by the ICRC with the Nigerian Air Force and the Nigerian Army.

The date is to be agreed, not with the government authorities of Nigeria but with their military authorities. There is no time limit in the other document which Biafra approved. It is an agreement for daylight flights without time limit, which is the humanitarian approach. Who are the people genuinely trying to help the dying in Biafra?

[Mr. Lewis.]

Mr. Speaker, the reason, in part, that this debate arose and the reason why some of us cannot be cool about it is that time after time and day after day the Prime Minister rose in his place and either from a document or from his mind, laid all the blame on Colonel Ojukwu as the evil Satan in the situation.

Some hon. Members: Hear, hear.

Mr. Lewis: That was partisan; it was narrow; it was uncalled for; it was unwarranted and untrue, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Lewis: This is why some of us feel keenly about the matter. The Prime Minister says the actions of the government cannot be described as indifferent, as partisan, as obstinate. Maybe those adjectives are a little too mild, Mr. Speaker, to apply to what we have heard here today.

An hon. Member: Very mild.

Mr. Lewis: There is certainly indifference when for almost six months no aid has reached the people of Biafra except that from church organizations. And this government says, "Red Cross or starve".

An hon. Member: Shame.

Mr. Lewis: That is not an exaggeration, Mr. Speaker—"Red Cross or starve". For six months no relief has been brought into Biafra except through night flights, and the government of Canada says, "Day flights or starve".

An hon. Member: And the Biafrans say "Ammunition or we will starve".

Mr. Lewis: I do not know whether any guns got through, but I should like to remind the hon. and vociferous member for Burnaby-Seymour (Mr. Perrault) that there is a war in Biafra and I have no doubt that arms are reaching Biafra. I do not blame the military leaders of Biafra for seeking arms to fight a war which they believe is right. I am not passing judgment on that point, I am not asking the government of Canada to pass judgment and I am certainly not asking the hon. member to pass judgment. I am not passing judgment; I am not asking the government—

Mr. Speaker: Order, please. I wonder whether this is a good time to ask hon. members whether the hon. member has unanimous consent to continue.

Some hon. Members: Agreed.

Mr. Speaker: Apparently he has.

Mr. Mackasey: Mr. Speaker, I know the hon. member's reputation, aside from partisan debate, for being a very fair individual. He asked where the Prime Minister (Mr. Trudeau) was at the moment. Knowing the calibre of the hon. gentleman as an orator, and the right hon. gentleman who preceded him, nothing would have kept the Prime Minister from the House other than the fact that he had a very important meeting at five o'clock with a representative of Canairelief, which he felt was more important than listening to the eloquence of both hon. gentlemen.

Mr. Diefenbaker: Why did the Prime Minister not follow the usual parliamentary course of saying, "I have an appointment; you will excuse me"?

Mr. MacDonald (Egmont): I rise on a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Egmont (Mr. MacDonald) has a question of privilege. The hon. member for York South (Mr. Lewis) has the floor and he has only four minutes to go. Perhaps the hon. member for Egmont would indicate his question of privilege.

Mr. MacDonald (Egmont): Perhaps as a question of privilege I might again raise the point I raised this afternoon and, through the Minister of Labour (Mr. Mackasey), ask whether we could be assured that in order for this debate to be productive the Prime Minister will be here this evening to report on the meeting with Canairelief as well as to listen to the remainder of the debate.

Mr. Mackasey: Mr. Speaker, we will have the privilege of hearing one of our representatives who has just returned from the United Nations.

An hon. Member: Who is he?

Mr. Mackasey: I am only speaking to the point of privilege. I am sure the hon. gentleman—

Mr. Woolliams: Do you mean the observer?

Mr. Speaker: I have to rule that there is no question of privilege and I invite the hon. member for York South to continue his remarks.

Mr. Lewis: May I say to the Minister of Labour (Mr. Mackasey) that I did not ask a question. I said that I assumed. Without reservation I think I said—

Mr. Mackasey: Mr. Speaker, may I ask the hon. member a question? Did he know where the Prime Minister was?

Mr. Lewis: No, I did not, but I said in my speech that I assumed he left because he had an unimportant appointment. I am glad to hear that the appointment was as important as the minister states. I can only hope that Ted Johnson and the others who are with him and who are seeing the Prime Minister will get much more satisfactory answers than this House has received.

I am not going to abuse the kindness of the House, Mr. Speaker. I say this to the Prime Minister, through the minister, through the parliamentary secretary, through the Secretary of State for External Affairs, even through the member for Burnaby-Seymour who has just returned from the United Nations and therefore will have, of course, unlimited wisdom to impart to us. I say it without having to consult my colleagues or the members of the official opposition. If the Prime Minister will come to this House and tell us, not that he has intervened in the struggle, made any political judgment or taken steps which he believes quite sincerely are wrong, that since no food is reaching the Biafrans except that flown in through the joint church organizations the government of Canada will assist Canairelief for that purpose, he will have the blessing of all who sit on this side of the House.

• (5:40 p.m.)

Some hon. Members: Hear, hear.

Mr. Lewis: That is all this motion is about and that is all it asks the government to do. It does not attempt to settle the differences between Nigeria and Biafra. There is not a word in it about going to the United Nations or anywhere else. It is simply what French speaking hon. members would call a *cri du cœur*, a cry for the heart, which is made to the government of Canada. That cry asks the government to stop using protocol and excuses for inaction which help no one because the government's action, without its intending it, condemns tens of thousands of human beings to starvation. It is the starvation that we intend to end by this motion.

There is still time for the Prime Minister to say, on behalf of the government, that he accepts this reasonable proposition and that

we shall work through or with joint church organizations and Canairelief in assisting the starving people of Biafra, and that way save lives. That is all we ask. If the Prime Minister cannot give an affirmative answer to that plea, he will stand condemned in the history of this country as a man who is in a straitjacket of legalisms logistics and protocol which make it impossible for him to act as the human being he undoubtedly is.

Mr. Ray Perrault (Burnaby-Seymour): Mr. Speaker, in view of the time, could we consider it as officially 5.45 p.m. and commence again after the dinner adjournment?

Mr. Speaker: I assume the hon. member is referring to the fact that there will be royal assent in a few moments. Since it might take a few minutes for that to happen, the hon. member might begin his remarks at this time.

Mr. Perrault: Thank you, Mr. Speaker. We have all listened attentively this afternoon to the eloquent expressions of concern about the fate of the youngsters in Biafra. It has been correctly stated that concern about the fate of these young people is not restricted to one party in this House; it is not restricted to the Liberal Party, the Conservative Party, the NDP or the Creditistes. We are all concerned about the needless and tragic death of little children. I regret that the right hon. gentleman who was so critical of the early departure of the Prime Minister did not himself come into the House sooner than he did today.

I have heard many arguments on this matter, but the nations of the United Nations see day by day what effort Canada is making to resolve this terrible tragedy in Nigeria and Biafra. Every week since September, Canadians have been meeting Biafrans and Nigerians—I can give the dates—and offering their good offices to arrange a permanent settlement of this tragic dispute. It is all right to talk about whether we are going to ship food during the day, in the twilight or in the evening; but the only way these youngsters' lives will be saved is by a permanent settlement of the dispute. That is the direction in which Canada is working.

Mr. Peters: That is unsupported propaganda.

Mr. Perrault: When I heard the irresponsible claptrap of a former prime minister who never at any time when he was prime minister of the country engaged in the kind of unilateral action he is suggesting to this government, and when I heard the government abused by the deputy leader of the NDP, I could only listen in magnificent wonder.

What is Canada's record at the United Nations? I heard the official representatives of Sweden, Norway, Finland and Denmark, the social democratic parties of Europe, and they all supported the Canadian position. The issuing of guns—

Mr. Lewis: Mr. Speaker, would the hon. member permit a question?

Mr. Speaker: Order, please. The hon. member for Burnaby-Segmour (Mr. Perrault) has the floor.

Mr. Perrault: I have the floor now, and I shall answer questions later. We have taken a great deal of abuse this afternoon and I think it is time for a reply. I met Dr. Otue, the Biafran representative in New York, yesterday afternoon and I heard that members of the opposition had been telephoning and telling him we would have a special debate on Biafra. They said to him, "Could you clue us in, Dr. Otue?". Do you know what he said? He said, "We are in a terrible way this week, Mr. Perrault, because tomorrow night the Labour government of Great Britain is sending a shipment of heavy artillery from Dover and it will be used against us next week."

I reiterate the position of the hon. member for Bruce (Mr. Whicher) and suggest that one of the most effective steps which can be taken by the clique in the corner of this chamber is to send a spirited delegation to Harold Wilson of Great Britain and say, "Stop the shipment from Dover." Mr. Speaker, why did Right Hon. Michael Stewart, the British Foreign Minister, say "No" to the Canadian government when it begged him to stop the shipment of arms? Is this the kind of enlightened, social democratic government we can expect from the NDP if they come into power?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I think the hon. member should be given an opportunity to make his speech.

Mr. Perrault: Mr. Stewart said, "We have important economic relations with Biafra"—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. I suggest again the hon. member should be given an opportunity to make his speech.

Mr. Broadbent: Mr. Speaker, I rise on a question of privilege. The hon. member has clearly implied that the hon. member for Greenwood (Mr. Brewin) has not taken the sort of position that has been taken. The hon. member for Greenwood specifically said that our party was critical of the stand the Labour party of Great Britain took on this matter.

Mr. Speaker: Order, please. That is not a question of privilege in the normal sense of the word. Would the hon. member kindly resume his seat? The hon. member who has the floor should be given the opportunity to make his presentation to the House.

Mr. Perrault: Mr. Speaker, there is at times a great difference in the quality of research undertaken in the House. May I suggest, with deference to members of Her Majesty's Loyal Opposition, that they have not done very much sound research recently. I have in my hand a photostatic copy of a resolution of the Organization for African Unity. It concerns Nigeria. The resolution was passed by the Assembly of Heads of State and Government at Addis Ababa in September, 1969. This is what it says in the final paragraph:

> Makes a solemn and urgent appeal to all governments, international organizations, humanitarian institutions as well as to all political, moral and religious bodies in the world to facilitate the implementation of the present resolution and to desist from any action, gesture and attitude likely to jeopardize the efforts of OAU in finding an African solution to the Nigerian crisis.

I hear a knock on the door of the chamber, Mr. Speaker.

• (5:50 p.m.)

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

> Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

• (6:00 p.m.)

And being returned:

Alleged Failure to Aid Biafrans

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

> An act to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith.

It being eight minutes after six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NIGERIA-BIAFRA—ALLEGED FAILURE TO TAKE MEASURES TO RELIEVE STARVATION

The House resumed consideration of the motion of Mr. Brewin:

> That this House regrets that the government has failed to take adequate measures to relieve massive starvation in Nigeria-Biafra and, particularly, regrets its repeated refusal to assist Joint Church Aid and Canairelief operations which have continued to deliver substantial relief despite great hazards, and urgently requests the government to change its policy in this respect.

Mr. Deputy Speaker: The hon. member for Burnaby-Seymour (Mr. Perrault).

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a question of privilege. It was my impression, and I am sure the impression of many hon. members in this House, particularly in view of the comments of the Minister of Labour (Mr. Mackasey) and others before supper, that the Prime Minister (Mr. Trudeau) would be here this evening not only to listen to the remainder of the debate but to indicate the results of his conversation just before the supper hour with the representative of Canairelief. I am wondering whether the President of the Privy Council (Mr. Macdonald) or some other minister could inform the House whether the Prime Minister will be here some time this evening to indicate the results of his conversations.

Mr. Deputy Speaker: I might point out that in my view that is hardly a question of privilege. If someone would volunteer this information, I suppose there is a way so to inform the hon. member.

Alleged Failure to Aid Biafrans

Mr. Perrault: Mr. Speaker, just before the dinner break I had endeavoured to point out that the Organization for African Unity had passed a resolution in Addis Ababa, the essence of which was that Africans want to find African solutions to the Nigerian crisis. They do not want the kind of charity that perhaps some of us would like to dispense and feel should be dispensed. A chap from one of the emerging states said to me last week, "How would you feel if you had a difficult situation in Canada and six African states decided unilaterally to make an airlift to Saskatchewan without reference to the government of the province or the government of Canada?" The leader of Her Majesty's Loyal Opposition (Mr. Stanfield) knows that these are the kind of attitudes that exist at the United Nations, because he must have encountered them while he was there. I am simply pointing out that, despite the attitude of the Organization for African Unity, Canadian initiatives to bring about a permanent and lasting solution to the Nigerian tragedy are among the finest in the world.

I have with me tonight a partial chronology of some of the things that we have been trying to do, but before I come to that let me quote the official Swedish position which that country adopted at the United Nations:

> We deplore the continuing difficulties in making that relief action effective.

Some of these difficulties were outlined by Gordon Pape in an article that appeared in the Montreal *Gazette* of November 19, 1969. He is a respected member of the press gallery in Ottawa. In his article he said there is a growing feeling that Biafran aid is not being held up by government inaction at this end, but rather by General Ojukwu. His article goes on:

> The U.S. government, acting under direct orders from President Nixon, then proceeded to obtain guarantees from Nigeria that no such military operations would be undertaken and that the flights would not be molested.

That has reference to the daylight relief flights.

> Despite these assurances, Biafra again rejected the proposal October 24, opting instead to have relief supplies brought in by boat—an operation that is impossible—

There is virtually no sympathy at the United Nations for the intransigent attitude taken by General Ojukwu and the Biafran authorities. How can Canada be anti-Biafra when through Canadian initiative this agreement was negotiated? This agreement was to guarantee that airfields would not be bombed if daylight relief flights were to commence, yet the plan was rejected.

[Mr. Deputy Speaker.]

Mr. Stanley Burke, a man deeply dedicated to alleviating the plight of youngsters in Biafra, said the other day, according to a newspaper report—I hope he was misquoted—that Canada was doing nothing to alleviate suffering in Biafra. I should like to point out that up to the end of March this year $952,594 worth of aid found its way into Biafra, as well as $1,491,514 worth through the Nigerian route. The total amount of aid topped $2.8 million. In face of these figures, how can it be said that Canada has contributed no aid at all to Biafra.

I return to what the Swedish foreign minister said at the United Nations:

> The African States consider that their own Organization for African Unity has a special responsibility and a special possibility to contribute to a solution. We find that approach reasonable and realistic.

I would inform my social democratic friends at the other end of the House that Canadians, too, found this approach reasonable and realistic. Surely some of the members of the House who attended the session of the United Nations as parliamentary observers also realized, following the discussions that they had with the Biafrans and the Nigerians, that this approach was realistic. Conferences were arranged through the good offices of this government in order that they could hear the arguments on both sides. Some of these members significantly are not going to participate in this debate because they realize the difficulties that are being faced by Canada at the United Nations. They also appreciate all that is being done despite these difficulties.

The position taken by the representative of Norway was that the Organization for African Unity can solve the conflict, and he went on to say that his government is of the opinion that this organization is especially well qualified to find a basis for a negotiated solution. Similar positions were adopted by the other Scandinavian countries. They were of the opinion that the OAU approach to a settlement of the tragedy was a sound one. Canada supports that position, along with most of the leading nations of the world.

Today the members of the government are pilloried and condemned. The right hon. gentleman who is a former prime minister stated that we are defying the wish of the people of Canada; that we have refused to place the issue before the United Nations. I would inform him that a meeting with U Thant was

held on September 16, at which the Canadian representative stated that perhaps the matter should be brought before the United Nations and suggested exploring ways in which this could be done. The answer of the Secretary General was that this would do more harm than good.

No man is working more diligently to bring about a settlement in Biafra than our Secretary of State for External Affairs (Mr. Sharp). On September 18 President Diori of Niger was in Ottawa and the minister discussed with him the situation in Nigeria and Biafra. While at the United Nations in New York, the Secretary of State for External Affairs discussed the Nigerian Civil war with the United States Secretary of State. He discussed the cessation of arm shipments with the French foreign minister and had meetings with the foreign ministers of Uganda, Ivory Coast, Tunisia and Ghana. This was followed by talks with the foreign ministers of Gabon, Dahomey, the Central African Republic, Italy and the Soviet Union.

• (8:10 p.m.)

In spite of all these meetings we are pilloried in this House by a former prime minister of Canada who lessens the hope of the people of Canada by saying that we are standing on narrow legalism and refusing to bring aid to these people. He said we are hiding behind protocol. As someone who has seen this team in action, I can assure all members of the House that government members are equally concerned about the plight of these young people. We are not standing on protocol.

Yesterday we met with Nigerians and Biafrans at the Canadian Mission in New York. We had a series of meetings. When the final story of the Nigerian civil war is written, Canada will have one of the brightest pages in that book. Let me tell hon. members this, Mr. Speaker: if they study the long story of this tragedy they will find that a number of initiatives were filed by certain nations. I do not want to name them on the floor of this House because the matter would receive too much publicity. This is the reason Canadian efforts are being undertaken more discreetly than would perhaps be the case with other nations, but our efforts are just as effective.

An hon. Member: They are non-existent.

Mr. Perrault: I feel sorry for the hon. member of the Opposition who feels he is such an expert, when really he does not know very much about the facts of the case. Anyone who has studied this question knows that no one can become an instant expert on it.

Was it callous disregard for the plight of refugees that a meeting was held on September 26 among the Nigerian Commissioner for External Affairs, Mr. Arikp, our Secretary of State for External Affairs and others? Did we fail when we met with the Ivory Coast representative on September 26, discussed the whole situation with M. Usher of that nation and asked for his co-operation in getting relief into this starving nation? Was it disregard for the starving youngsters when we discussed with the Uganda Minister of Foreign Affairs, Mr. Sam Odaka, on that same day how we could get aid to the starving Biafrans?

What was the attitude of the Biafrans when they met with the Secretary of State for External Affairs on September 27? The whole object of the meeting was to plead with the Biafrans to at least test a system of daylight flights. If a man's youngsters are starving to death, I do not care where they are living, whether it be Biafra, Canada, the United States or France—it is worth taking some risks in order to help them. There is not one form of aid which might be extended at this point to the starving young people of Biafra which would not involve some risk. In this regard we asked for some assurance; we pleaded with them. These are the facts. Let us not be vague about this situation.

These are the names of the Biafrans who were present when Canada's plea was entered: Mr. Eni Njoki, president of the University of Biafra; Dr. Pius Okogbo, Economic Adviser to Biafra; Dr. Ifegwu Eke, Commissioner of Information for Biafra; Mr. Matthew Mbu, Commissioner of education for Biafra, and Dr. Nwonye Otue, Biafran Special Representative to New York. Hon. members know Mr. Otue very well; they have talked with him on a number of occasions.

Did the Secretary of State for External Affairs fail when he told this group that Canadians were concerned that inadequate supplies were reaching Biafra, and when he told them that unless daylight aid was brought to Biafran youngsters thousands were going to die and that in the opinion of Canadians the only way the situation could be relieved was by bringing in a great many more planes? We offered planes and we offered food. We pleaded with them. In spite of this we are told on the floor of this House

that we lack human compassion. I think this is one of the most unfair types of accusation to make.

Great compassion has been a characteristic of Canada ever since confederation. This has been true throughout our history; it has not mattered whether the Tories, the Liberals or anybody else was in power. So why is there this trading in accusations and the suggestion that we lack sympathy and are not concerned about this tragic situation? Frankly, I am proud of Canada's external affairs effort. The MPs in the opposition who were down in New York were proud of the professionals in the Department of External Affairs. They are doing a very good job there. Some of them know of the plight of Biafra.

Only yesterday I had the opportunity of meeting Mr. Moses Ihonde, Nigerian Counsul General in New York. It was a good meeting, a meeting which again reflected the desire of Nigerians and Biafrans to see this war ended, and also to see an end to the suffering which has been afflicted on families everywhere in Nigeria. Only yesterday I had a meeting with Dr. Otue, Biafra's representative in New York. I understand he is in Ottawa today. He has some knowledge of Canada and is a very personable gentleman. It was a good meeting. I asked him this question directly, "Are Canadians doing enough to help your people?" I told him I would write down his answer and read it to the House of Commons. He said that the Canadian people are doing a great deal; they are doing magnificently, and Biafrans appreciate the help we are extending to them. He said several organizations have extended humanitarian aid at considerable risk, and they appreciate it.

Mr. Knowles (Winnipeg North Centre): It was not the government he was talking about.

Mr. Perrault: I told him there has been criticism by some parties about Canadian contributions to alleviate this tragic situation. I asked him what Canada should do to help. What was his answer? He thought for a while and then he said, "I hope you will do what you can do to de-escalate the shipment of arms to both sides. It is a power war now, with too much big power involvement. Let us try to end arms shipments. This may facilitate a peace settlement." That was his answer. There were no shrill exclamations from Biafrans that it is terrible that there is in Canada a government which lacks humanity, because it is not giving to Canairelief or trying to bring relief through the Red Cross. As a member of this House, I frankly hope that those people who contribute to the military build-up in Nigeria and Biafra will stop the shipment of arms.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired. Is there unanimous consent that the hon. member continue?

Some hon. Members: Agreed.

Mr. Perrault: I appreciate the indulgence of the House, Mr. Speaker. Let me point out again that this is precisely what Canada has done in conversations with France and with Great Britain; we have proposed that arms shipments to Nigeria and Biafra be ended. Even if all official arms shipments were to be halted tomorrow, we know that the problem would not end there. We have discussed the problem and have expressed the view that arms shipments should be halted, but we are under no illusion that a large and thriving free arms market does not exist. We know that arms would still find their way to the combatants. As a result, there is a need for Canada and other nations to continue their efforts to bring about a peace settlement and to find a more immediate and effective way to bring in aid.

I want to report to the House that in the past 24 hours I have talked with the Organization of African Unity Ambassador to the United States, Mr. Thiam. He said Canada's position in this whole affair had been very commendable. He said there is no reason for relief to be denied the starving youngsters of Biafra. With Canada, they back the efforts of the Red Cross to get supplies in during daylight hours. He said this could be done and there is no reason why it should not be done.

Biafrans will read the debate in this House and will know of the program which is supported by the Organization of African Unity. There is no reason why this program cannot be carried out; rather than having destructive criticism and accusations made in the House. We think in this way we could perhaps get aid to these people at the beginning of next week.

Mr. Speaker, I must leave out much of what I had hoped to say, but let me say this: those who went to New York as observers will almost without exception gladly acknowledge the respect with which Canada is held by other nations of the world. Perhaps no other nation has established such an effective record of quiet, continuing effort to mediate

and conciliate. This also applies to the time when my hon. friends were in power.

An hon. Member: More Liberal propaganda.

Mr. Perrault: It is not Liberal propaganda, because it refers to a time when a previous government was in office.

• (8:20 p.m.)

I think it is particularly destructive when we come in this House and say about one another such things that would never be levelled at us by any other country or any other person. The Prime Minister (Mr. Trudeau) and the Secretary of State for External Affairs have had the most searching conversations with the Secretary General of the United Nations, U Thant, on the possibility of the United Nations considering this matter. Similarly, the Canadian permanent mission to the United Nations has consulted broadly on the prospects of United Nations initiative in this area. The Secretary General has stated publicly that he considers the decisions taken by the Organization for African Unity provide the framework for a just settlement of the civil war by peaceful means.

Let me again stress that I believe the Canadian people and the Canadian government are sincerely concerned about the tragedy which has befallen the people who live in this area. All political parties, indeed, are deeply concerned about the tragedy which has befallen Biafrans.

It is fair to say that those concerned about the question at the United Nations—and there are many—are convinced that daylight flights are essential if the children of Biafra are to be saved. Canairelief alone will not save enough lives. It is equally fair to say that the people who control Biafra do not seem to have a real interest in daylight flights, whatever their reasons and their motives. They have expended a great deal of energy in attempts to justify their rejection of a proposed agreement developed in very large measure by Canadians. They do not seem to have expended the same amount of energy in attempting to find an alternative way in which to bring relief to the starving. They maintain that they mistrust the federal military government, but both Canada and the United States have expressed willingness to assist in providing assurances to meet the Biafran fear of any military advantage flowing from the daylight flights agreement.

Regardless of the statements we have heard today, the most effective way to deliver adequate supplies of relief to the starving youngsters of Biafra is by daylight flights. That position will be endorsed by any responsible nation at the United Nations. This method is more effective than any other that is available. At the United Nations one can find no support for the Biafran opposition to these flights. Daylight flying is safer, more planes can travel and the present confusion of night flights involving both relief and arms would be ended, with the daylight hours reserved for work of mercy. What is wrong with that kind of arrangement? Yet, Biafran leaders feel that risks remain. I think it is a supportable contention that when one's children are starving you accept certain risks in order that they will live. I have here a statement from the New York *Times* of yesterday, to the effect that the dying children get nothing and that this would be wasting food. I wonder why dying children are the first to be denied food.

I think it is fair to conclude that the Biafran authorities are, above all, concerned with the preservation of their regime, and that the mass starvation of the people about whom they profess to be concerned may be only a secondary consideration. Canadians should say to Nigerians and Biafrans that since they say they are interested, they should agree to a trial period to see how much relief can get through under the Canadian plan.

In conclusion may I say that Canadians are concerned with helping people. Since the formation of the United Nations Canada has dedicated itself to helping humanitarian causes throughout the world. It has done this in order to save lives in Palestine and in the Middle East. Canada has been the third largest contributor to saving lives in the Middle East. We were generous even during the period when our friends to my left formed the government. We are told the Canadian people are deeply concerned about the failure of this government to extend more aid through the church organizations. The question is whether that aid at some point in time is increased to these organizations, or whether Canada and other nations are successful in persuading the Biafran authorities to permit daylight flights, with Canadian aid channelled through the International Red Cross.

There is no disagreement in this House about the need to extend as much aid as we can. Especially at this Christmas season it is to be hoped that millions of Canadians will

take cognizance of the suffering on both sides of the line in Nigeria and that they will give to the Red Cross and to other organizations attempting to assist in the alleviation of suffering. Hopefully the Canadian government, on behalf of the Canadian people, will be able before the Christmas season to establish aid in a way which will be meaningful to the people living in this area.

Mr. David MacDonald (Egmont): Mr. Speaker, however entertaining it might be to engage in a debate with my hon. friend from Burnaby-Seymour (Mr. Perrault), I prefer rather to deal with the issue before the House today.

Some hon. Members: Hear, hear.

Mr. MacDonald (Egmont): Certainly in respect of the suggestion of the hon. member, that no one has done more than this country in resolving the conflict, I suggest that no one will be more surprised to hear this than the Secretary of State for External Affairs (Mr. Sharp), because he along with others in the government will know of the uncertainty with which he and this government has approached this grave crisis. I mentioned earlier that I was concerned that a major part of this debate might develop into more of a monologue than a dialogue. It is unfortunate that this proceeding in the House should not provide for a better exchange in respect of the matter under consideration.

I hope in the next few minutes to deal with the specific areas because I was disappointed that the remarks of the Prime Minister (Mr. Trudeau) this afternoon really contributed nothing new to what is a very complex and difficult situation. I think it is perhaps unfortunate the Prime Minister did not choose to more adequately inform the House on questions that he himself has raised, questions with regard to the conditions which have been attached to daylight flights. This has been a preoccupation of the government. Then there are the questions with regard to the activities of the combatants with regard to their own security in respect of establishing effective daylight relief flights. One thing, however, that bore in on me again this afternoon and evening is that there is still a willingness, apparently, on the part of the government to discuss but not to act. There never seems to be any action.

I recall the remarks of the Prime Minister in the House at the opening of the debate on the Speech from the Throne, with reference to getting relief to both sides. He said:

> —we are prepared to make further funds available when once the delivery blockage is removed. If it is not quickly removed, we shall take other appropriate steps.

Since then I have asked him to define what he means by "quickly". Five weeks have gone by. I shall not engage in a numbers game in respect of guessing how many more people have succumbed to starvation in Biafra, but I should like to know whether the government really intends to act quickly and when it finally plans to take some specific action in assisting the one organization which has continued to carry relief to the Biafran people. I am speaking of Canairelief.

I find it a bit incredible that we should now, all of a sudden, be hearing a suggestion from the government that it is considering an air-drop. I maintain that this would be a great deal more difficult than the problems in respect of daylight relief flights. I think it would be difficult to even conceive of an acceptable format for any kind of effective air-drop operation. I have come to the view, not willingly, that even the suggestion of an air drop is some form of subterfuge. There is a means open to us now. This is the operation, an international ecumenical operation, which has operated as often as there have been resources available to move the planes. There is a new element, however, this fall, and I should like to mention it at the outset. We might even consider it the fall offensive because I have detected in this Parliament, from the lips of the Prime Minister and in other places, a new offensive this fall.

• (8:30 p.m.)

It is an offensive in general against the Biafran regime but, more particularly, against General Ojukwu and the Biafran authorities. I ask myself, why has our Prime Minister taken this new offensive against the Biafran authorities? Then I look a little farther and I note—and of course the Prime Minister himself said this in the House—that the United States government has also substantially altered its own position in recent weeks, and I wonder why. Then I notice that in the United Kingdom the minister for foreign affairs, Mr. Stewart, has indicated an increase of some 15 per cent to 20 per cent in arms shipments to Nigeria, and I wonder why, knowing about the opposition from his own party. I know that there is a kind of coalition—I will not

call it a grand coalition—of government interests in this country, in the U.S. and in the U.K., and I wonder whether, in face of the quick kill theory so popularly accepted and promoted by the British government a couple of years ago and now obviously a little too shoddy to be hauled out again, this coalition has given its assent to starvation as a legitimate weapon.

If you look at the war situation—if one is able to get an accurate picture of what is happening in Nigeria and Biafra—it seems to be relatively static. The lines have not altered substantially in the last few months. We have not had fresh word of new atrocities. We do not have any new information which would alter the position of these three governments. But there is one piece of news which perhaps can shed some light on what seems to be a very real hardening of positions in the last few weeks; that is that recently very important oil production—not only important to Nigeria but important to its allies—has been severely hampered by military offensives on the part of Biafra and by what could be described as the mini-Biafran air force which, in my understanding, has reduced the oil production of Nigeria by some 50 per cent. It has reached the stage where in fact a number of insurance companies are reluctant even to insure tankers approaching Nigeria to pick up oil.

Is there in fact some kind of an oil lobby or conspiracy that is exerting pressure which we are feeling perhaps not directly but at least indirectly? I think the question should be raised, because there certainly are lines that could be drawn very easily in recent months that show up clearly the fact that we are now acquiescing in starvation as a weapon of war with much greater ease than we should have even a year ago.

Today and earlier the Prime Minister referred in his shadowy way to political guarantees which have been demanded and which are tantamount to recognition. Of course, the diplomatic recognition of one of the combatants in a civil war is a difficult matter to resolve, and when the Prime Minister stated it, it suggested that perhaps Biafra is trying to achieve an advantage by linking daylight flights to diplomatic recognition as political capital.

The Prime Minister has indicated to the House and to the Canadian people that because of these unreasonable demands for recognition General Ojukwu was really trying to take advantage of the situation. But when he has been pressed, both inside and outside the House, to spell out these conditions, when they were raised and with whom, the Prime Minister very conveniently says, "It is not really for me to say. I do not want to break a confidence". It is amazing how he can suddenly respect the confidence of people who to him do not legally exist. It is also very convenient that he can put forward an interpretation without having to clarify it. This is what I tried to do this afternoon following his speech, because I think there has to be honesty at least if we are to expose the situation as it exists and as we are faced with it.

What is the situation? Why has the Prime Minister talked about political conditions or guarantees tantamount to recognition? I think we have to be honest and say that the Biafrans, in order to permit daylight relief flights, have as I understand it asked for certain kinds of guarantees. Quite frankly, they have been led down the garden path too often to accept merely goodwill or the suggestion of our being "hail fellows well met" not to realize that their own security—and after all this is what the war is all about—is at stake. They have asked for guarantees, not necessarily only from Canada but from other countries. I am impressed by the fact that they are still willing to trust us to that extent. They ask for guarantees which may be with regard to trade or perhaps having to do with diplomatic recognition, not necessarily in terms of recognizing Biafra but perhaps intending to cut off our recognition of the Nigerians were they to forego or break their own commitments on a negotiated relief plan or some kind of military guarantee.

The Prime Minister, of course, is right in suggesting that if we offer a guarantee on the basis of trade, diplomacy or military matters, we are in effect taking a position which is tantamount to recognition. But put on the basis of a fundamental requirement for their own security, as the Biafrans see it, it is a vastly different thing than when it is simply brought in as a sort of back-door proposition, as a bargaining point, or as a kind of extra for which the Biafrans are looking in trying to build up their political bank account.

I think we have to be realistic, and I am sorry that the Prime Minister in his comments was less than realistic. I am using a kind word there. Some of the things that were said when he quoted the secretary of state of the United States, Mr. Rogers, were certainly not the kind of things that would

appeal to me if I were found behind the lines and in some way involved in the Biafran fight for survival.

What did Secretary Rogers say in his statement of November 12 in terms of the kind of guarantees that he was going to offer the Biafrans in order that they be fully protected and that their security not be violated? His first point was as follows:

> We sought and received the solemn assurances of the federal government of Nigeria that it would ensure that no hostile military action would be taken against the ICRC relief aircraft.

How utterly ridiculous it is for any person to believe that the first guarantee that would be meaningful to a combatant in a conflict is a pledge of good faith by his fight-to-the-death enemy. I find it absolutely incredible that any diplomat or government representative should make that kind of statement with a straight face. Surely it is sheer lunacy to believe that anyone could offer that kind of guarantee and expect it to be accepted as an assurance.

Further, it is a well-known fact that it has become increasingly difficult to know who speaks for the federal military government in Nigeria and who gave this solemn assurance. Was it General Gowan? Was it Chief Awolowa or Chief Enaharo? Was it one of the military commanders in the field about whom we have heard so much? One speaker at a conference that I attended many months ago was very quick to point out, on the information of the U.S. State Department, that General Gowan cannot really effectively control his army. As he said, each of the divisional commanders does his own recruiting, determines his own military strategy and has connections with one or the other power supplying arms. As a case in point, the House may recall that after June 5 when the Red Cross plane was shot down by the Nigerian military authorities and General Gowan was asked to comment, he said he was sorry; it was not his decision but rather a decision taken somewhere out in the field. How could anyone with any intelligence whatsoever accept the guarantees of a government which does not know who is in control, and expect the guarantees to be meaningful?

• (8:40 p.m.)

An hon. Member: What have they to lose?

Mr. MacDonald (Egmont): They have their lives to lose. Further, there has been a good deal of misunderstanding as to what was vital in this situation. Many people thought that what was in question were the planes themselves because, of course, many of the planes have suffered harassment. But what has been vital to Biafran security is the guarantee of the security of their airstrip which has served as a lifetime, with everything that means—relief, arms and everything else—for well over a year and a half. The Biafrans are looking for the guaranteeing of their airstrip, not the good faith of the Lagos regime.

We have been told that relief has been used as a cover for arms. Mr. Speaker, I find it incredible that anyone who is reasonably well informed on the facts as they relate to Nigeria-Biafra could continue to say that or imply it—and we have had some question as to whether it was really said. But in spite of the fact that people believe the church operation is used as an arms cover, let us look at the facts. On June 5, before six o'clock, a Red Cross plane was not down. For some days, stretching into two or three weeks, no relief planes operated—certainly not the church relief—out of Sao Tomé; nor was there any Red Cross relief. What was moving during those two or three weeks was arms shipments. To know this is a fact, one has only to speak to the people who were on the ground and saw the arms shipments moving in quite independently of relief, which had stopped altogether during that period of time.

Some people are prone to forget that the shipment of relief items is a recent phenomenon with respect to the war. It began some time around August, 1968, while the war began over a year before that. It is certain a war cannot be fought without arms. It is quite obvious that in the months prior to the air shipment of relief, arms were going in by every means possible, and that means by air as well.

Perhaps a more important question to be raised is why the arms shipments have been as effective, to some extent, as relief. To the best of my knowledge no planes carrying arms have been shot down by the Nigerian air force, which is reasonably sophisticated with its Russian and Czechoslovakian aircraft. There has been little or no harassment of these arms shipments. Also, more than 50 per cent of the arms have in fact been captured as the battlelines move back and forth and the Biafrans, skilled as they are, have been producing as much as they can of their own arms during the course of this conflict. Those who quite neatly slough off the relationship between relief and arms have not looked at the facts as they present themselves.

It has been suggested that Biafra is not interested in relief, or more particularly daylight relief. Just to deal with the first statement, those who suggest Biafra is not interested in relief ignore the fact that Joint Church Aid alone has since its inception 14 or 15 months ago made more than 3,000 flights into Biafra. All this month they have flown about 14 flights a night. They will continue to fly. Ask the relief workers, the pilots, the technicians, the missionaries, all those connected with relief inside or outside who have lines going in, and you will find how interested the authorities are in relief. As a person who is an ordained minister of one church, I would point out that the very fact the churches are able to work together must say something for the co-operation they are getting from the Biafran authorities.

Some hon. Members: Hear, hear.

Mr. MacDonald (Egmont): It has been an incredible operation and could only have been successful with the utmost co-operation of those in control of the Biafran situation. On the other hand, Mr. Speaker, it is interesting to note that there appeared in the Montreal *Star,* a New York *Times* Service article which told us, "Nigeria faces food, supply shortage".

For months now we have seen reports about the starvation in parts of federally-held Nigeria. What action is being taken to assist the people who can be reached by land, presumably? What is the fate of relief organizations working behind the Nigerian lines? We know the fate of Ambassador Lindt; he was shipped out when they ran out the Red Cross. We know—

Mr. Speaker: Order, please. I am sorry to interrupt the hon. member, but his time has expired.

Some hon. Members: Go ahead.

Mr. Speaker: Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: Carry on.

Mr. MacDonald (Egmont): I thank the House, Mr. Speaker, for its indulgence. We know that in fact the Red Cross had a great deal of difficulty in carrying on their operations inside Nigeria and have been threatened with being supplanted by a government organization which has come into force in the last few days. Thousands of Nigerians are now living under difficult circumstances, but there is little action by those who presumably have the confidence and the good will of the federal military authorities in Lagos. Quite frankly, I am disturbed, when the discussion centres on daylight relief flights, that we are caught in simplistic and naïve statements in regard to what is a complex issue.

In this House just a few days ago the Prime Minister spoke of "General Gowon's single condition for daylight flights". Were General Gowon here tonight he might be the first to deny there was a single condition in connection with daylight flights. I notice that today the Prime Minister talked about the two conditions of General Gowon, and I suppose in three weeks' time he will be talking about three conditions. In fact there are many conditions and the problem is to try to get both sides to agree to a set of conditions. I am not going to rehearse the spectacle of trying to get one side, and then the other, to agree to conditions. The closest any group came to effective agreement was the Red Cross in establishing agreement for daylight flights, but that agreement could not be considered generous when you consider that six flights were carrying only 90 tons and operating only three weeks. That is not ideal in this situation. Six flights does not compare with the program of Joint Church Aid which is operating 14 and 16 flights a night this month.

There has been too much innuendo and too much half-informed discussion on what is, of course, a very vital and basic problem. In the context of this debate I should like to ask why our government is clinging so strenuously to one agency in dealing with this problem. I am not here in any way to indict the Red Cross, and surely we sympathize as much if not more than most with the Red Cross in its difficulties in trying to work out an acceptable relief program. But why have we at this time so completely tied ourselves to the Red Cross? I suppose, as usual, the most obvious answer is that this was acceptable to the federal military authority of Nigeria. Why has it been so acceptable to the federal military government of Nigeria? Presumably, it is because no group has had more difficulty in operating its relief over the months than the Red Cross. That is obvious. It is significant that Joint Church Aid, which is still operating, will carry 10 per cent of its load for the International Red Cross. Joint Church Aid is presently sustaining Red Cross hospitals and feeding stations through their transportation facilities. The Red Cross has not paid one penny for this.

Alleged Failure to Aid Biafrans

Mr. Speaker, in conclusion I should like to ask most sincerely—though it is unfortunate that the Prime Minister cannot be here—what the government intends to do. How much longer shall we have to wait? I can only adduce from what the Prime Minister said today and in earlier days that, to narrow it down to one phrase, in effect the Prime Minister is saying, "Biafra give up." We have succumbed to the situation. We believe now that starvation is a legitimate means of war; therefore, let it be used and used quickly in order that the conflict may be ended. To some that is an attractive theory. It is one that was espoused, and I am tempted to believe is still espoused, by the government of the United Kingdom. It is saddening to think that our government is fully supporting a policy of starving-out the Biafran people.

• (8:50 p.m.)

At a meeting in Montreal last night, the Canadian Council of Churches passed a resolution which I presume has come to the attention of the government. The council calls on the government as follows:

1. To extend its efforts to hasten the peaceful settlement of the Nigeria/Biafra conflict.

2. To register again its vigorous protest to all Governments providing any arms or permitting the transfer of arms to either side.

3. To express to Governments of both sides our concern for those undergoing prolonged and massive suffering and to urge these authorities to arrange an immediate cease fire.

4. To call upon the United Nations, the Organization for African Unity, other concerned Governments, and International agencies, to take all necessary steps toward a just and durable settlement.

The next paragraph applies particularly to the resolution before the House, and it reads:

5. To increase its programme of relief to victims on both sides, and to give maximum support to such non-Governmental agencies as are effectively providing relief.

I understand this resolution has been forwarded to the Canadian Catholic Conference which is meeting in Ottawa today and tomorrow. I take it that conference will pass a resolution similar to the one I have just read. Churches of all persuasions in this country and which represent millions of Canadians have asked that this government act. It is imperative for us not to be put off by subterfuge and unconvincing arguments. In the quiet and calm following this debate I ask members of the government to study the proposals that have been made, specifically by representatives of Canairelief who met government representatives today. It is fortuitous that the two key representatives should meet personally with the Prime Minister on the day we are debating this matter. All Canadians look forward to a positive report on action which the government intends to take. Specifically, we are hopeful that the Prime Minister will make a statement within 24 hours.

[Mr. MacDonald (Egmont).]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I was greatly honoured to have the opportunity this afternoon of seconding the motion moved by the hon. member for Greenwood (Mr. Brewin). May I also say that I was disappointed to hear some of the remarks the hon. member for Burnaby-Seymour (Mr. Perrault) made to us this evening. They did not add much to our debate. He said one thing in particular that struck me as odd. He was talking about some of the social democratic countries of northern Europe and said that they agreed entirely with the stand taken by the government of Canada. May I remind hon. members that countries belonging to that group, and Sweden in particular, have been giving aid to Joint Church Aid and that therefore their position is similar to the one we have adopted on this matter and to the one envisaged in this resolution.

In essence, the motion before us asks the government to help Canairelief, because that is the only organization bringing aid to Biafra at present. Tonight I appeal to hon. members, and particularly those of the government party, to treat this as a moral and not a political issue. Let us not talk of the complexities of international law, or be technical as the Prime Minister (Mr. Trudeau) has been, because in Biafra today 2 million people lie dead of starvation because of the war. They were not dying there until war broke out. Today they are dying because they are cut off from the outside world. I am informed that about every 40 seconds one person dies in Biafra. So while I am standing here talking, people are dying there. While hon. members on both sides of the House are discussing this matter, people are dying in Biafra. While we are engaged in the exercise of political polemics, people are dying there. We must try to relieve the suffering in that country by helping Canairelief do its job. We must also try to end this war.

If Canada acts, perhaps we can make a contribution toward ending the war and settling the dispute, because Canada is trusted

by both sides. If we decide that we can contribute something constructive, and I think we can, and can do something about ending the war, let us stop hiding behind arguments about who is right or wrong. Let us stop bickering among ourselves about the different political implications that the war between Nigeria and Biafra has for us.

I am greatly concerned about what is happening in Biafra, Mr. Speaker, because little more than one year ago I and the Liberal member for Cochrane (Mr. Stewart) went to Nigera and Biafra to see what was going on. I remember leaving the island of Sao Tomé at night, not knowing whether we would make it into the airfield or whether we would come out again. We had to fly over anti-aircraft guns and land at a dilapidated airport where aircraft crashed sometimes on landing. There was also the possibility that we would be bombed on landing. The hon. member and I went to find out first-hand what was happening in Biafra and to gather as much information as possible so that we could be instrumental in alleviating the suffering there. I encourage all members of this House to go to Biafra and see what is happening, because most people who go there come back with the conviction that something must be done and all feel frustrated and helpless about what is not being done.

One wonders how the world community can tolerate what is happening in Biafra. I remember that the hon. member and I were standing in a place at seven o'clock one morning among 4,000 or 5,000 small children, all under ten years of age, and they were looking up to us and asking for help. Many of them did not have clothes on and many had swollen stomachs brought on by a protein-deficient diet. Their arms and legs were as thin as sticks. We asked ourselves: Just how concerned is the world community about all this suffering? How can it tolerate this situation?

I ask now: How international are we in our concepts, and how civilized are we? I often wonder if we do not wear just a thin veneer of civilization which, when penetrated, reveals the basic savage underneath. The world can tolerate only so much of this kind of thing before it affects all of us We can take only so much of it before the whole world blows up. I hope that Biafra will not become another gigantic Auschwitz. I hope that 20 years from now we will not look back and say that if we had done more to help 20 years earlier a great many people would not have died needlessly. We can, and should, do much to prevent something like this happening.

When I speak about Biafra, I do so from an international point of view. I see the problem there not just as an African problem but as something that affects all people no matter where they live in the world. After all, with technical progress, the whole world has become a global village; everything that happens over there must affect us here at home, and vice versa. Many of the problems plaguing Biafra are plaguing other countries, because one can see starvation, depredation and discrimination in many parts of the world. There is fear all over the world. Worse of all, not only the people of Biafra but those at home feel helpless. Powerless and underprivileged groups exist in our own society.

• (9:00 p.m.)

May I remind the House, Mr. Speaker, that the Secretary General of the United Nations, U Thant, said a few years ago that as long as about two-thirds of the world's population were starving, suffering or living in a great deal of poverty, none of us would be saved, regardless of our country or industrial situation. It must be our objective and hope to try and alleviate suffering no matter where or how it occurs, because a blow to or scar on any society in the world is indeed a blow to all mankind.

Our Prime Minister (Mr. Trudeau) and government must do something constructive. They must start acting on some of the new politics they have talked about for the last year and a half. They must move toward eradicating some of the injustice and starvation that exists in Biafra and many other parts of the world. They must bring Canada into the forefront and try to ease some of the suffering in Biafra. The only way we will do this is by making all members of the House concerned and aware of what is happening there.

Perhaps I could take this opportunity to remind hon. members of what is actually happening in Biafra. As I already said, many, many people are dying of starvation. About 2,000 people are dying every day. This has been happening for the last couple of years. When I was in that area last year, between 3,000 and 5,000 were dying of starvation every day. We were told this by the people who worked in the Red Cross centres, church

organizations, people who were working with refugees and those in medical centres.

During our tour we visited refugee camps. We saw people from Biafra and Nigeria who were starving and suffering from many diseases. We toured feeding centres. We saw feeding centre after feeding centre where small children were being fed a bowl of soup, a glass of milk or maybe an iron pill. We visited hospitals where we saw babies dying of starvation. You also see other effects of the war. You could see many young people who had been to university, had started work and who are now suffering in hospitals because of the war. We had an opportunity to talk to people involved in relief work. We spent some time with government officials and the military.

We went to Nigeria the next week and compared notes. Biafra is a nation torn by death, suffering and fear. This is apparent everywhere. I shall give one example of a feeding centre we visited; I believe it was run by the Catholic Church. We arrived at six o'clock in the morning. The reason they were being fed at that hour in the morning was that they were afraid of being attacked afterwards. I remember the church people telling us that a couple of weeks before we arrived they were feeding 4,000 or 5,000 children when a Nigerian jet flew over, bombed the centre and killed some people. It was clearly not a military target. About half a mile away they were feeding 3,500 pregnant and nursing women iron pills and stockfish. This is what you see. This is what these people are going through every day of their lives.

The Biafran people are very determined. Life to them is a fight for survival. They will continue the war despite the starvation in their country, because they feel they have to. They will continue despite their inferior weapons. All this adds up to the possibility of a very long war. That is why we as Canadians and as parliamentarians must be concerned about it and try to help in the situation.

The churches are involved. They are getting food into Biafra tonight, tomorrow night and every night of the week. They are getting food into Biafra regardless of many of the technicalities and complexities that so many parliamentarians throughout the world are talking about. They say, "people are dying so we are flying." They have been doing this for approximately the last year and they are getting food into Biafra. The Red Cross has not flown since last June. This country still refuses to contribute funds to Canairelief. We try to hide behind protocol and many legalities and technicalities. The Prime Minister again outlined many of these things today. He documented excuse after excuse. He said that all of us as individual members can get involved if we want to, but he refuses to involve the government of Canada in contributing to Canairelief. I suppose we could say the refusal of the Prime Minister of this country to act is similar to that of a hesitant virgin.

He is asking us to send money to Canairelief but will not commit the government of Canada to doing the same thing. He knows there is a great moral injustice happening over there. At least he should know it. However, he still refuses to act. I believe one of the real handicaps of the Prime Minister is that he tries to parallel Biafra with Quebec. I think this is one of the hang-ups he has because of his concept of federalism. I suggest this is a very idiotic comparison. You cannot compare the two situations at all. He has chosen starvation in preference to contributing money to Canairelief.

Let us look at what has happened in the whole relief picture. It has already been mentioned that the Red Cross has not flown into Biafra since last June. When I was there the Canadian Hercules plane had just ceased flying. We are told that it made only 10 or 11 flights and flew about 200 tons of food into Biafra. Let us look at the other operations. Joint Church Aid, of which Canairelief is a part, up until October 31 of this year had flown 4,183 flights into Biafra with a total of over 45,000 tons of food. This is what the people of Biafra are existing on today. The need there is great. They are not getting enough food into Biafra.

Many people have stated that a minimum of 500 tons of food a day is required to keep the people of Biafra alive. I believe that today the churches are getting in somewhere between 100 and 200 tons of food, depending on what sort of night it is. What kind of solution is necessary? The Prime Minister talks about day flights and night flights and all the pros and cons of each. I suggest that we need both day and night flights. It is necessary to fly both night and day to get enough food into Biafra.

It is necessary to have some kind of overland corridor from either Port Harcourt or Calabar, or perhaps even a river corridor up the Niger River. Many members have spoken

about daylight flights. Both sides must in principle agree with the concept of daylight flights. The difficulty is in trying to get both sides to agree to the same conditions. Previous speakers talked about the agreement between Biafra and the International Red Cross that was signed on August 27. A few days ago the Prime Minister was trying to say that Biafra had not signed an agreement with the International Red Cross.

Then there is the agreement between Nigeria and the International Committee of the Red Cross. This has also been commented on at great length by many people. The Biafrans would have been fools if they had accepted this agreement, because they would have been cutting their own throats. Basically, it was an agreement that was to last for only three weeks. They were supposed to fly only between 9 a.m. and 5 p.m., which is a very short time; indeed, it is much shorter than the flying time now being used by the churches in providing relief from Sao Tomé. Even those flights were to be controlled by the federal army and air force. The Biafrans would have been foolish to have accepted an agreement of that sort.

• (9:10 p.m.)

This is an issue in connection with which many of the complexities of international law arise. We get hung up deciding whether it is a civil war and whether genocide is being committed. The question of the sovereignty of Nigeria is raised. There are many complexities. But it is not a civil war as far as the sale of guns is concerned. Many countries are contributing guns and other arms to either side. Both the hon. member and I were in a bombing raid carried out by a Russian jet which dropped what were probably British bombs and the plane was probably piloted by a Japanese.

The hon. member for Egmont (Mr. MacDonald) mentioned oil. I suspect that the desire for oil is one of the main reasons the war is continuing. A British Member of Parliament told me, "We don't want de Gaulle to have the oil. We want it. That is the reason we are involved in the war." It is ironic that oil profits should receive priority over human lives, but this is what is happening in Biafra today.

Many distinguished authorities on international law say we do have the right to intervene in this war on humanitarian grounds by supplying food and medical aid. If we allow ourselves to become bogged-down in legalistic arguments, a lot of time can be wasted because both sides can produce convincing expert opinion to support their views. Let us not be carried away in debating technicalities of this sort while people are dying. What we should be considering is the course we should follow as a Parliament and as Canadians. What should the government be doing?

Basically our motion asks for just one thing: Since the Red Cross has failed to negotiate conditions acceptable to both sides, we should support Canarelief because that organization is getting food into Biafra, the only one which is doing so. In other words, we should join with the Netherlands, Sweden and many other countries which directly or indirectly have been supporting Canairelief or Joint Church Aid. This does not involve any infringement of the sovereignty of Nigeria as a whole. There are a number of further recommendations I would make.

Mr. Speaker: Order, please. Before the hon. member pursues his remarks I should draw to his attention that his time has expired. He may continue with the unanimous consent of the House.

Is that agreed?

Some hon. Members: Agreed.

Mr. Nystrom: I thank the House very much. I shall take only one or two minutes. We should think of other contributions we can make as parliamentarians. The war must be stopped. As long as the war continues, people will die of starvation or for military reasons. First, the Prime Minister should send one of his personal representatives to see Colonel Ojukwu in Biafra so that we can get the story straight, so that information is not received second-hand. We do not recognize communist China but we still trade with them. The Secretary of State for External Affairs (Mr. Sharp) was talking with Biafrans in New York, so there seems no reason why someone should not talk with them in Biafra.

Second, we ought to put pressure on Britain, the Soviet Union and France, countries which are supplying weapons to both sides, in an effort to prevent them doing so. If the supply of weapons is cut off, the war will stop. Third, Canada must do everything possible to mediate in this war. When we were there we noticed that Canada is among the more respected nations in the world. If we do not undertake mediation ourselves, we should encourage nations like Switzerland, Sweden and Yugoslavia to do so.

Alleged Failure to Aid Biafrans

Finally, we should put as much pressure as possible on the United Nations in an effort to get that organization to do something. If the United Nations does not act in connection with problems such as this, it will become even less important than it is today. After all, this is an issue of major concern; a couple of million people have died, and the world community ought to be involved. I conclude my remarks by once again asking the government to seriously consider making a grant of some type of Canairelief so that we can play a part in alleviating the suffering in Biafra today. If we fail to do so, how can we really establish a just society or participatory democracy?

Mr. Ian Wahn (St. Paul's): Mr. Speaker, all members of the House, not just the opposition members, want the Nigerian war to end. They also want to get effective aid to the helpless victims of that war—innocent civilians, women and, above all, children. There can be no doubt on that score. The question is, how. What should we be doing?

At times, contemplating this disastrous civil war in Nigeria, so cruel, so destructive, so futile and, basically, so stupid, one wonders whether it is anything more than a fierce power struggle between two militant factions for the control and disposal of the human and natural resources of that great country—a power struggle to control and dispose of its millions of people and its vast resources of oil, minerals and other wealth.

General Gowon and his military group in deadly struggle confront Colonel, now General, Ojukwu and his military group, though only a few short years ago they were sitting round the table together amicably discussing how they would govern all Nigeria. They were then on a first-name basis—it was Jack Emeka, Bob and Harry.

Mr. Peters: Who's Harry?

Mr. Wahn: Is it anything more than the age-old, deadly power game in which ruthless military leaders contend for influence, wealth and power while their people groan and suffer and die? I remember an old Russian saying which expresses this thought very well, "When the nobles battle, the peasants have sore heads." Is this war in Nigeria anything more than one more example of the old power game?

Who is supplying the money to pay for the high powered publicity men and for the costly publicity campaigns which seem to be so necessary in our modern society to arouse people to indignation, to activism, to crusades? Who is paying the bills? Where is the money coming from? Is it coming from commercial firms who hope to recoup themselves by obtaining concessions from one side or the other to exploit the rich natural resources of Nigeria? Are members of this House being asked to be dupes and pawns in a power game? I wish I knew for sure. Some opposition members have spoken with great authority. I wish I had their confidence and the knowledge they appear to possess. Do they really know what the answers are? Do they really possess authoritative information which the rest of us do not share?

[Mr. Nystrom.]

The debate today has been wide-ranging. Some speeches have gone far beyond the terms of the motion, demanding for example that Canada should sponsor a United Nations' resolution calling for an immediate cease fire. Other speakers have said we should demand that the British, Russian and French governments immediately put an end to arms shipments to the combatants. Mr. Speaker, to respond to suggestions of this type would really be indulging in idle gestures on the part of the Canadian House of Commons. About this time last year the House referred to its Standing Committee on External Affairs and National Defence the whole question of the Nigerian civil conflict. After extensive hearings, our report was filed on November 6 of that year. In effect, it strongly recommended against any such flamboyant but, in the end, idle gestures. Instead, the standing committee made a number of practical suggestions many of which have been adopted and some of which were referred to in the speech made by the Prime Minister (Mr. Trudeau) on this subject.

• (9:20 p.m.)

Mr. MacDonald (Egmont): Would the hon. member indicate what was adopted?

Mr. Wahn: I would be glad to do that. However, I should like to congratulate the hon. member for Greenwood (Mr. Brewin) for this time avoiding such flamboyant and idle gestures and for raising in his resolution a relatively simple issue, namely, should the Canadian government, as a government, financially assist Canairelief in making night flights to Biafra? That night flights to Biafra is the basic issue is also recognized by the official opposition. The Leader of the Opposition (Mr. Stanfield) made that fact clear not

once but at least three times in his statement on November 25. At page 1196 of *Hansard* he is reported as saying:

> I must charge the Prime Minister with stubbornness regarding aid that could be used to bring relief through night flights.

Later on the same page he is reported as having said:

> Let the Prime Minister and his colleagues act to assist Canairelief in taking supplies to that country by night;—

Still later on the same page:

> —the people of Canada will pass a harsh judgment on the Prime Minister for his failure to act in an area in which Canada can be of assistance, night flights, and I plead with the right hon. gentleman to move as rapidly as he can to make this important and helpful assistance available.

That is the basic issue before the House in this debate.

The hon. member for Greenwood also suggested the basic question, the answer to which will determine the conclusion that we will reach. The question is this: Is the Nigerian government sincere when it states to the Red Cross and to the Canadian government that it will permit daylight relief flights under reasonable conditions? If the answer to that question is yes, then the issue now before the House is settled and our government is right. I think all members will admit that daylight relief flights are the answer to the problem and are to be preferred over night flights if only they can be arranged. However, if the answer to the basic question is no, then our government, I agree, should immediately reconsider its attitude toward night flights.

Is the Nigerian government sincere in its offer of daylight relief flights? The hon. member for Greenwood has no doubts; it is all a plot, he says. It is not just a plot, but in addition a conspiracy. And it is not just a conspiracy on the part of the Nigerian government and some unnamed persons, but a conspiracy and a plot between the Nigerian government and the British government. At page 1197 of *Hansard* the hon. member is reported to have said:

> As long ago as last January General Alexander, a British member of the Observer team in Nigeria, according to *The Economist* of January 11 spoke of a Nigerian plan, in collaboration with the British government, to propose certain relief measures which for military reasons would be unacceptable to the Biafran authorities, and which could then be used for propaganda purposes by blaming Colonel Ojukwu for Biafran starvation. This is precisely what has occurred.

This is a very serious charge. The hon. member for Greenwood, who I regret is not in the chamber at the present time, knows very well that he cannot hide behind reports which he alleges to have been made by General Alexander or even by *The Economist*, because by repeating those charges from his seat in this House he has in fact adopted them as his own. If that was not his intention, he should immediately rise on a question of privilege and withdraw them. If, on the other hand, he refuses to withdraw them and adopts them as his own, he should be prepared to submit to this House evidence to support charges of such a serious nature involving conspiracy and plots on the part of the British and Nigerian governments. In the course of this debate I have been unable to find that the hon. member for Greenwood or any other opposition member has put forward any evidence which would warrant the House accepting any such allegations of deception and conspiracy. In the absence of such evidence, I repeat that those allegations should be rejected by this House.

A year ago when the Nigerian issue was referred to the external affairs committee, even more serious allegations had been levelled against the Nigerian government by some of the opposition members who levelled the most recent attacks. The allegations to which I refer were that the Nigerian government had been guilty of genocide, or of acts similar to genocide. After receiving evidence from numerous witnesses, including the Canadian representative on the international observer team, and after considering very carefully the reports of the international observer team, including representatives from the United Nations, all of whom were on the spot in Nigeria, the committee filed a report with this House, which report included a finding on this specific allegation.

Mr. MacDonald (Egmont): A minority did not concur in that report.

Mr. Wahn: There were several members who opposed it, but the great majority of the members accepted the report and particularly the following part of the report:

> The evidence presented to us does not indicate that the Government of Nigeria has adopted a policy of genocide. On the contrary the evidence indicates it is doing its best to assist and to preserve the lives and properties of the people, including the Ibo people, in the area now under its control.
>
> The evidence indicates that many of the Ibo people now living in the secessionist area fear genocide. This fear is based upon a large number

of factors. These include (without attempting to be exhaustive or assess the relative strength of these factors) religious, tribal and economic rivalries, jealousies and hatreds, the bitterness of a civil war and the past history of atrocities and improper treatment of minorities.

While there have been atrocities and extreme bitterness in this civil war, there is no evidence that troop formations are engaged in genocide. The evidence indicates the government of Nigeria is attempting to impose and maintain proper standards of conduct and discipline among its troops. A code of proper conduct has been issued by the government to the Nigerian troops. In general, the attempt to enforce proper discipline and conduct seems to be as successful as could be expected in the difficult circumstances which exist.

Since that time there has been less talk of genocide in Biafra. But the idea seems to die very hard. This is indicated again by the remarks of the hon. member for Greenwood, as reported at page 1197 of *Hansard* where in referring to the Prime Minister he said:

—it is clear the right hon. gentleman is now aware of the great concern felt by the Canadian people about the immense tragedy which has already cost between one million and two million lives and which threatens to exterminate a whole people.

I think all members will agree that this is an immense human tragedy. But we do not agree that it serves any useful purpose to overstate the case and to suggest that an entire people is threatened with extermination. Hon. members will recall the statement made a few months ago by former Nigerian president Azikiwe. A press clipping that I have read as follows:

Former Nigerian president Nnamdi Azikiwe said today he was kept under house arrest by Biafra last year when he was supposed to have been a supporter of its cause.

He made the statement at a press conference called to mark his declaration—broadcast in Lagos earlier today—that Biafra should negotiate for peace.

In the broadcast, Azikiwe, an influential member of the Ibo tribe, said he no longer believed Ibos were in danger of extermination by other Nigerians —and said the time was right to make peace.

In the same press conference I believe he also indicated that almost 70 per cent of all Ibos now live in territory occupied by federal Nigerian forces, and far from being exterminated, many held high positions in that territory. This, of course, is in complete accord with the findings of the standing committee of this House.

Hon. members of the opposition really cannot expect to cry "wolf" too often; their allegations of genocide a year ago were not substantiated. Can this House tonight give any greater credence to the allegation of a plot and conspiracy between the Nigerian and British Governments to deceive the world with regard to the possibility of daytime flights? I remind members also that former Ibo President Azikiwe, in the statement to which he referred earlier, claimed that General Ojukwu has been too inflexible in his attitude toward daylight flights.

[Mr. Wahn.]

• (9:30 p.m.)

The basic objection to Canadian government assistance to night relief flights is that these might provide some cover for shipments of military supplies. The hon. member for Egmont (Mr. MacDonald) addressed himself courageously to dealing with this particular question. I believe he is perhaps the only member of the opposition who has dealt with it extensively. But he did not, nor has any opposition member, provided convincing evidence that the night relief flights which the opposition recommends could not and do not provide cover for military shipments to Biafra.

Until further evidence is advanced by opposition members I suggest that the House must accept the view, which appears to have been accepted not only by Nigeria but by the International Red Cross representatives and by our own government—indeed, by most governments—that night flights are desired by Biafran military authorities to help provide cover for military shipments and to assist in breaking the Nigerian blockade on military supplies to Biafra. If that is so, and the weight of evidence might indicate that it is, and if the night flights are desired by Biafran authorities for that purpose, it might explain a great deal. It might explain the difficulties experienced not only by the Canadian government but by other governments as well in their efforts to bring relief supplies to Biafra in the large volume necessary to prevent starvation and death in that country.

At this point, I should say that it is most unfortunate the International Red Cross has been subjected to the type of criticism voiced in the course of this debate. If it has not been able to arrange daylight flights, I am convinced it is not because of any fault on the part of the International Red Cross. It is rather that the authorities involved have been unable to reach the agreement which is necessary to permit such flights. The Red Cross, which has a proud record in providing relief in international emergencies, should not

be subjected to criticism in this House, express or implied.

In its report to this House last the External Affairs Committee said:

> Under no circumstances should Canada supply arms either to the government of Nigeria or to the authorities in the secessionist area.

If in fact night relief flights are being used to cover arms shipments to Biafra, then opposition members are in effect asking the Canadian government to assist in supplying arms to Biafra. Our committee opposed this contention, and I believe most members also take this view. One other argument made by—

Mr. Harding: Mr. Speaker, would the hon. member permit a question?

Mr. Speaker: Order, please. The hon. member for St. Paul's (Mr. Wahn) has the floor.

Mr. Wahn: After I have completed my remarks I will answer the hon. member's question. One other argument made by the hon. member for Greenwood deserves brief attention. As reported at page 1197 of *Hansard,* he said:

> Why is it that this channel of help is being neglected?

He was referring to night flights. He went on to ask whether the Prime Minister was aware that the Red Cross contemplated only the delivery of some 90 tons of supplies over a three-week period, whereas Canairelief and Joint Church Aid were flying in about 200 tons of supplies nightly. He asked whether anyone in his right senses could expect that Colonel Ojukwu would accept daylight flights as a substitute for night flights. The entire argument breaks down if this assumption of the hon. member for Greenwood is incorrect. The assumption is incorrect. The proposed arrangement for daylight flights would be completely separate and apart from the night flights now carried on by Canairelief. At no time has it been suggested, as far as I am aware, that as a condition of obtaining daylight relief flights the Canadian government would be forced to bring any pressure whatsoever to bear upon Canairelief to stop its night flights.

The resolution before the House cannot be supported unless the opposition establishes that night relief flights are not being used to provide cover for military shipments and that the Nigerian Government is not sincere in offering daylight relief flights under reasonable conditions. Perhaps none of us can be entirely certain what the correct answers to these two allegations really are. Surely we can say this, however, that the onus is upon opposition members to bring forward convincing evidence, and in this debate today they have failed to discharge that onus.

Mr. Harding: Would the last speaker permit a question? In view of his last remarks that night flights are possibly being used as a subterfuge for arms shipments to Biafra, is he recommending that the present night flights cease?

Mr. Wahn: The position I take is that the government of Canada should not finance night flights unless it is clearly established that they are not being used to provide cover for arms shipments to Biafra. That is consistent with the attitude taken by our committee.

Mr. Knowles (Winnipeg North Centre): Indirectly, that is a charge.

Mr. Speaker: Order, please. The time allotted to the hon. member for St. Paul's has expired.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I have noted throughout this debate that there has not been too much sharp partisanship, and I do not want to inject any into the debate. This is not the kind of debate or place for partisanship. I was impressed, however, with what the hon. member for St. Paul's (Mr. Wahn) said. I was impressed by the fact that he quoted so much of the recommendations of a parliamentary committee. He knows and I know how much attention the government paid to many recommendations of that committee on many matters, and indeed on this very matter.

I am appalled by the suggestion that it is up to the opposition to prove that arms are not being brought in through Canairelief and other night flights. I am appalled that the government suggests and makes the implication that they are. I wonder how the government of Canada has knowledge of this matter, because so far as I know they have never sent a delegation or a group to speak to both sides in this war. They have had observers reporting on what they saw in Nigeria. That is hardly an objective appraisal of what is going on within Biafra and to the Biafran people.

I am not very proud of what our government is doing, or more particularly what it has failed to do. I am very proud of what some Canadians have been doing, and I endorse the remarks that have been passed

about Canairelief and other groups of wonderful and inspired people in this country. It has been said more than once today that this is not surely a question of brittle formalism or narrow legalism. Surely, if ever there was a matter which should occupy the attention of thoughtful men and allow them to make their decisions on humanitarian considerations, this is one. Abraham Lincoln said that he was one of those who looked upon mankind through the pensive eyes of pity. Surely, we make no apology if we become emotional and profoundly concerned about this terrible tragedy.

I will not go over the discussions, the agreements broken or the confused statements and diplomatic obfuscations which have been so clearly and powerfully delineated by my colleague, the hon. member for Egmont (Mr. MacDonald), and by the hon. member for York South (Mr. Lewis). This is a grim war that has brought agony, destruction and death to too many people for too long. Many months ago—it seems ages ago—I first raised this matter as a question to then Prime Minister Pearson. I cite this recollection as a mere and small matter of record and, heaven knows, not as a statement of righteousness.

I have been pained by what the Government has neglected to do.

• (9:40 p.m.)

Of late I have become concerned and shocked by the harshness of the Prime Minister's comment about Colonel Ojukwu and his struggle. I think we have missed so many opportunities. We have missed them within the Commonwealth. We did not move when we were on the Security Council. There were opportunities under the rules to have this matter placed on the agenda of the General Assembly. This was never done. We could surely have found some means whereby interested Canadians could have been brought in on both sides. I even thought at one time that perhaps the Commonwealth Parliamentary Association could have been a very active group in this regard. There is so much that could have been done. But today we sup the cup of opportunities missed and initiatives not taken. The suggestion of this debate is practical and pertinent. May I also say it is merciful.

The suggestion that tangible assistance be given to Canairelief is one which can be and should be carried out. I hope with all my heart this will be done. I am pleased that generally the debate has been on a high plane, although I cannot help but observe that the hon. member for Burnaby-Seymour, recently returned from the international conclave at the General Assembly, seems not yet to fit neatly into the garment of non-partisanship. I thought the attempt on his part to score a debating point on the NDP by noting out loud that the Labour party is in power in Britain was not too germane to the issue. Is it significant that this was or still is a socialist party, or that the NDP is or was a socialist party? Is that really the issue?

Is it not reasonable to conclude that governments of countries speak on foreign matters to governments of other countries? Does not the Prime Minister of this country confer with the Prime Minister of the United Kingdom? Is there not still a hot-line between Westminster and Ottawa? The time was when Canada's prime ministers gave leadership within the Commonwealth. It is not the NDP's major responsibility to talk to a Labour government. Surely the Prime Minister of Canada can confer with his opposite number there.

I am afraid that the United Kingdom's role in this tragedy has not been a glorious one. Along with the USSR and the UAR the United Kingdom is a heavy supplier of death-dealing armaments. I read with sadness that they intend to increase their contribution in that particular field. At an international gathering not long ago I heard a minister of the British government say:

> —I invite my friends in all parts of the Commonwealth to ponder over one overriding principle of international behaviour which the United Kingdom in relation to Nigeria finds it really must abide by. And this is when an independent sovereign nation, a free and independent member of this Commonwealth, deems that its integrity, its territorial integrity, is in danger. It has a right to turn to friendly countries, especially in the Commonwealth, for the supplies which it considers necessary to maintain that integrity and that independence.

That is a shocking suggestion. When I got the floor I took the liberty of indicating I thought it was a shocking suggestion that it is concomitant with friendly relations that one had the right to call on a friendly state for arms to suppress people within its own borders. There is much that could be said about the dreary prelude to the present sad situation. I do not know all the stories about oil. I am not one of the economic determinants, but I am concerned by what I read and hear. I do know that the former colonial power left a bitter legacy. I was impressed by a debate in the House of Lords not long ago where the Archbishop of Canterbury maintained that to

get a federal Nigeria to work would be a political miracle. So it is not incumbent upon anyone to say that a structure once created by a colonial power is so sacrosanct that any group of people who suggest that it be altered are immediately to be hounded out of the land and be denounced and harried.

I think we must be positive. We note what has happened. We regret the leadership that was not given. I think, however, it is up to all of us in all parts of this House to try to adopt a positive posture and rally behind at least one remedial action or one avenue. The Canadian people, I am convinced, feel deeply about this question and are concerned about the suffering of mankind in a state that has suffered so much for so long. So I would join all those who plead and implore the government to follow the suggestion of this resolution. There still remains the whole matter of bringing about a cease fire and there is still ahead of us a challenge, but there is this one avenue through which we can do something. Let us, for heaven's sake, and for humanity's sake, do it.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is getting a little late in the day's proceedings; therefore, I shall be as succinct as possible. Before I become involved in the context of my brief remarks I think it probably is worth noting that with perhaps one or two exceptions no government member has really dealt with the resolution which is before the House. They have addressed themselves to a whole host of questions. I should like to remind government members what this debate is not about.

It is not a resolution which recommends that the government of Canada ship arms to Biafra or anywhere else. It is not a recommendation that we take this problem to the United Nations. It is not about genocide. It is not a recommendation that we support one side or the other politically. It is not a motion that we condemn the United Kingdom and the USSR. Nor, finally, is it a resolution that the government recognize Biafra as a political state. All these propositions could be very seriously entertained and they could be very seriously objected to. However, none of them are before the House today. But almost all the government members have chosen to speak on one or other of these matters which are irrelevant in this debate.

The motion before the House suggests that the government has failed to make adequate measures to relieve massive starvation in Nigeria-Biafra and, further, urgently requests the government to change its policy in this regard. That I suggest, Mr. Speaker, is what we should be discussing. I hope the Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Goyer) when he speaks next will address himself to that question. I should like to go back, therefore, to the argument which I think was put forward in moderate, reasonable and rational terms by the hon. member for Greenwood (Mr. Brewin) at the outset of the debate.

• (9:50 p.m.)

He tried to focus exclusively on this question and addressed himself to the problem which the government apparently has had in doing anything about the starvation in Nigeria and Biafra. The hon. member for Greenwood suggested that the government has given four reasons at various times for taking no action. He tried, in a very systematic way, to deal with each of these, and not one of them has been adequately answered by any member on the government side. First of all, he said that the government has recently concerned itself almost exclusively with daylight flights; it is not really interested in finding alternative methods to get medical and food supplies to that country. He pointed out, as has the hon. member for Egmont (Mr. MacDonald) and others on this side of the House, that there are serious legitimate reasons for the hesitation of the government of Biafra to accept the various proposals that have been made concerning daylight flights.

It has also been pointed out that the government of Nigeria has raised serious objections to a variety of proposals that have been made concerning daylight flights. I suggest that daylight flights are not the issue and are not what we are debating tonight. The countless attempts by government members to turn the whole question of Nigeria and Biafra into a question of daylight flights must be seen as the kind of charade that it is.

The second point raised by the hon. member for Greenwood, the second reason, he suggests, that the government has given for not becoming involved in this tragic situation, has been that the government has said that the Red Cross is the one institution which we should support in our efforts to provide aid to the people in Nigeria and Biafra. It has been pointed out by the hon. member for York South (Mr. Lewis) and by others that the Red Cross has not been functioning there since June in terms of flights, and the government knows this very well. Why can we not give

assistance to Canairelief or to Joint Church Aid? It has been pointed out that this organization flies in every night, as it is doing tonight. We will come to the reason for that in a minute.

We go on to the third reason given by the government for not involving itself. This has been brought out outside the House quite recently and certainly in previous debates by the Prime Minister. I am referring to the matter of sovereignty. It has been suggested that to take medical or food supplies in any way, by any means which do not meet with the approval of the Nigerian authorities, would constitute an infringement of their sovereignty and perhaps implicitly the recognition of the sovereignty of Biafra. This argument has been conclusively shattered by eminent jurists in this country and abroad. I will not repeat the point that was made on this score by the hon. member for Greenwood this afternoon.

There has been no answer from the government side of the House on the third reason that has been suggested. There is no question now, in terms of international law, that to send in food or medical supplies to another country, whether or not they agree, would constitute an act of war or aggression. On this question, incidentally—and this may be a trivial point but a logical one at least—if the government is so concerned about the question of sovereignty, why are they so busy negotiating with the representatives of mainland China? After all, officially they recognize the sovereignty of the Formosa government, but they are certainly being inconsistent in their refusal to meet openly and frankly with Biafran officials when at the same time they do not hesitate to meet the officials of mainland China.

The fourth point that has been made is that the Biafrans are secessionists and rebels, that they have broken away from a federal state, and for certain Canadians federal states are sacrosanct institutions and we must not contribute in any way to their disintegration. It is now beyond questioning by anyone with the most elementary knowledge of the history of Nigeria and Biafra—and I do not claim to be an expert although I have some knowledge of it—that the reason for the break-away of the Biafrans was that they were subjected to very considerable human pressures, to understate the case somewhat. On balance, any civilized person would reach the conclusion that they were very sensible in making their decision. However—and I stress this point as well—the right of the Biafrans to secede from the federal state is not being debated here; that is not the issue. We are not being asked to recognize the separate state of Biafra or to decide whether secession in any form is legitimate and, therefore, whether we as a government should support that kind of activity.

I have gone through the four arguments that have been raised by the government at various times and I have suggested that the hon. member for Greenwood presented them at the outset of the debate today. He argued in a rather conclusive fashion that none of the reasons that the government has put forward is tenable when we consider what we are debating today, which is whether the government has provided the kind of aid that it could provide to stop starvation in that unfortunate country. I suggested, further, that not one government member has tried to deal in a direct fashion with the arguments put forward by the hon. member for Greenwood. Therefore, at this point in the debate I can only conclude, being as objective as I can, that this side of the argument has won and that the case has been established.

Mr. Deputy Speaker: Order, please. I understand it is ten o'clock.

Mr. Stanley Knowles (Winnipeg North Centre): I rise on a point of order, Mr. Speaker. I wonder if I may either make a request or give the House word about an agreement. About an hour ago the House leaders conferred and we agreed on the number of people who would speak before we adjourn tonight. The understanding was we would hear from the hon. member for Oshawa-Whitby (Mr. Broadbent) and then hear from the Parliamentary Secretary to the Secretary of State for External Affairs (Mr. Goyer), who would be the final speaker. I think hon. members will find there would be general agreement that the House continue to sit through these two speeches and that the late show questions which were scheduled for tonight be postponed to another night.

Mr. Macdonald (Rosedale): Mr. Speaker, we would be quite agreeable if the House wishes to make that order.

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered.

Mr. Broadbent: I will conclude soon, Mr. Speaker. Having listened to the debate which proceeded from the original argument by the hon. member for Greenwood, one would have to conclude that the government is convicted of the charge that is levelled at it in the resolution, and that if the government wants to extricate itself from the guilt of the lack of action that has characterized it in the past, it should begin to do something. Most specifically, it could begin by providing governmental aid for the night flights being conducted by Joint Church Aid and Canairelief. I would look forward, Mr. Speaker, to hearing what the Parliamentary Secretary to the Secretary of State for External Affairs has to say on this question.

• (10:00 p.m.)

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, while civil war has been raging for over two years in Nigeria, the people of Canada have become aware of the situation and are increasingly concerned with the nature and the importance of this tragedy. They are concerned with the sufferings which this conflict has brought to the civilian population. It is of course this aspect of the situation which has preoccupied the Canadian government first and foremost. We have wondered what was the best way to bring relief to people in distress while the war goes on. And we have always kept in touch with those who try, by different means, to promote a peaceful settlement. We have kept ourselves ready to do our best to help, should an opportunity arise.

I should perhaps say more on this subject, Mr. Speaker, before examining the problem of relief supplies as such, even if the opposition is very much divided over the scope of this motion, since some members dealt with the political aspect of the conflict, while the member for York South (Mr. Lewis)—who is not the least important member in this house—took care to mention that the motion presented by the opposition was strictly humanitarian.

[*English*]

There are compelling limitations on what outside governments can do about furthering the settlement of this civil war. We can urge, as we have persistently, the critical importance of finding a peaceful solution, and the crying urgency of achieving this in order to shorten the agony of the conflict. We can, as the government has also done, make clear our readiness to help in any way the parties might agree upon in the elaboration and implementation of arrangements for peace. What Canada emphatically cannot do is prescribe for the parties to the conflict the concessions each might make to bring about a settlement. Nor, sadly, is there any formula whereby we could introduce from without the essential conciliatory spirit which alone could make peace talks meaningful and a peace settlement lasting. This essential ingredient can be provided only by the parties themselves.

It should also be borne in mind that in so far as mediatory assistance from outside may be of help, there has been no lack of well-placed and well-intentioned conciliators. From the early stages of the conflict, African countries have made clear their fully understandable concern that it should be recognized as essentially an African problem and that a solution should be sought in that context. This view was endorsed by the Secretary General of the United Nations in a letter to the SSEA, tabled in the House on September 30, 1968, and was again expressed when he had discussions with the Prime Minister (Mr. Trudeau) about Nigeria early this month. The Organization for African Unity in September reaffirmed its position in this respect. The Organization for African Unity, which is duly recognized as a regional organization of the United Nations, has been actively seeking to bring the two sides together for peace negotiations, and those endeavours are continuing.

It is unfortunate that the Secretary of State for External Affairs (Mr. Sharp) is unable to be here today to give us his views on the motion before the House. So many of his activities, especially in the past few months, have centered around the conflict in Nigeria. Elsewhere I will mention his discussions with Mr. Stewart and Mr. Gromyko about arms shipments to the area. He has also had many opportunities in Ottawa and in New York to have talks about Nigeria with the foreign ministers of other countries, including a number from the African continent. Hon. members will also recall the visits to Ottawa of two distinguished African leaders, President Diori of Niger and President Nyerere of Tanzania. These meetings confirmed the view of the government that Canada should continue to concentrate on the humanitarian problems and that a dramatic peace initiative on

the part of Canada would not help get peace talks started. Indeed, such an action might have an effect opposite to that intended. Rather, it has been the minister's resolve that Canada should be ready and willing to grasp opportunities to be useful in ameliorating the situation, as in Canada's continuing participation on the observer team, or in helping to bring about peace negotiations. But until peace comes, the humanitarian problem of relieving the suffering of war must be faced. In the absence thus far of any role Canada could play in resolving the complexities of Nigeria's internal struggle, the government has concentrated on helping to mitigate its tragic consequences. Unfortunately, the effort made by the population of Canada cannot be compared favourably to the one of other countries.

Like most other governments, we have made our relief contributions available through the organization which has always served with such distinction and efficiency in relief distribution throughout the world—the Red Cross. Through the Canadian Red Cross Society and the International Committee of the Red Cross, the government has contributed almost $3 million to relief for victims of the Nigerian conflict and, of this, almost one half in the Biafran area.

I need not dwell here, Mr. Speaker, on the complexities and frustrations which have beset all efforts to get relief supplies through to the suffering. The relief programs which the Red Cross has co-ordinated on both sides of the fighting lines have been persistently pursued in the face of acute physical risks, formidable political complications—

An hon. Member: What has that to do with the motion?

Mr. Goyer: —and monumental administrative difficulties. The most severe problems, naturally, have concerned efforts to deliver desperately needed supplies of food and drugs to suffering civilians in the secessionist enclave, surrounded as it is by Nigerian government forces.

Mr. Broadbent: The speech was written the day before yesterday.

Mr. Goyer: And as the conflict has been prolonged, the tragedy of its impact on those innocent people has assumed ever more desperately urgent proportions in our relief efforts. In his statement to the House on November 25, the Prime Minister outlined the persistent efforts which this government and other donor governments have made, in co-ordination with and in support of the ICRC, to break the tragic impasse which obstructs the expansion of relief deliveries. I suggest, Mr. Speaker, that when we examine this record of relief delivery efforts—efforts massively supported by many governments and organizations which share Canada's concern about the suffering in Nigeria—we cannot escape a conclusion which can only be heart-rendering for all of us who earnestly seek to help relieve that suffering. It is not a conclusion which I derive any satisfaction from stating, but it is the single most relevant fact which we must recognize in the present agonizing dilemma over relief delivery. This is the abundantly tested and sadly demonstrated fact that the Ojukwu regime so far is not disposed to accept more effective relief delivery arrangements unless it thereby achieves political advantage.

• (10:10 p.m.)

If we failed to face up to this distasteful conclusion, we should not only be doing less than justice to all those who have striven to overcome the obstacles to a freer flow of relief; we should also be deluding ourselves as to what are the real prospects for achieving our urgent objective of getting more relief to the suffering. Perhaps, most important, by ignoring the essence of this relief delivery problem we should only further prejudice the chances of yet breaking this impasse over expansion of aid to the hungry and undernourished.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, will the hon. parliamentary secretary permit a question?

Mr. Goyer: Yes, but later, please. This government bears the Ojukwu regime no ill will, but we have much good will and compassion for the people who are suffering in the territory which that regime controls. And when it is clear that Colonel Ojukwu's policies are directly instrumental in denying them the relief we are trying to provide, we must be frank in declaring where our essential concern lies. Tireless efforts have been made over a long period to get a larger flow of relief into the Biafran area. The Prime Minister reminded the House earlier this week that these efforts date from last year. They have been stepped up steadily in recent months and weeks. After the successful airlift operation last spring had to be stopped, the Red

Cross determined to negotiate a firm arrangement which would allow a large, steady flow of relief supplies. They decided to press for daylight flights which the Nigerian authorities had indicated they might accept. I would like to point out that all observers, including Joint Church Aid and Canairelief, agree that daylight flights would be better and more effective than the hazardous night flights.

[*Translation*]

On July 10, the Secretary of State for External Affairs (Mr. Sharp) informed the House of his offer to supply inspectors who would control the relief shipments. It was then obvious that the Ojukwu regime would not accept flights from Nigeria and therefore we had expressed the opinion that this kind of shipment inspection would make it possible for the Nigerian government to accept flights from elsewhere. Our proposal was well received and we think that it prompted the government to agree to another mode of inspection so that it could recognize direct flights from outside Nigeria into the secessionist area.

Early in August, the International Committee of the Red Cross proposed to both sides to set up day flights in the secessionist territory. By the middle of August, both sides had agreed in principle to these proposals; however, the Biafran answer stipulated that the Ojukwu regime would keep on using the Uli airport for its own operations. It is important to remember this point because, obviously, it has sometimes been forgotten when appraising subsequent events. There is no indication that the Ojukwu regime was then or later prepared to meet the only condition laid down by the Nigerian government to the effect that there should be no shipment of military supplies during the day as long as the proposed relief flights would last.

Although no agreement was then signed, the Red Cross felt encouraged to have these arrangements confirmed, which was done on September 13 by the Nigerian government. In so doing, the Nigerian authorities were making major concessions, namely the following which is the most important: relief flights would not necessarily have to leave from Nigeria but could reach the secessionist region from Dahomey, the neighbouring state.

The relief cargos could be inspected beforehand at Cotonou by representatives of the ICRC, the government of Nigeria and the government of Dahomey. The measures agreed to by the Nigerian government would have allowed numerous direct daylight relief flights while enabling them to make sure that the flights carried nothing but relief cargos and, in addition, they would have respected the condition made a long time ago by the secessionists, namely that they would accept no help from Nigeria.

Two days after the federal military government and the ICRC had signed an agreement for the implementation of this daylight relief flight program for an initial period of three weeks, a Biafran spokesman repudiated it. The Biafran press release invoked certain technicalities stating that the agreement did not give enough guarantees against Nigerian military exploitation against those relief flights. The only acceptable guarantee in this regard, said the press release, would be that of a third government or of a politically oriented international organization.

The Canadian government, judging that the September 13 agreement offered a practical solution to the pressing necessity of transporting more relief cargos, immediately attempted, in agreement with other governments, to meet the new requirements of the Ojukwu regime. In the course of discussions with the American authorities, we now studied the possibility of putting Canadian observers on board the relief planes. Ambassador Ferguson formulated specific proposals concerning the guarantees that could be offered to alleviate Biafran concern with regard to the military advantages that might be derived from daylight relief flights, but the secessionist authorities rejected those proposals.

The Canadian government, through the I.C.R.C. has also reaffirmed its willingness to consider every practical means of promoting an agreement. It has asked the Ojukwu regime to reconsider its approach. All these efforts have remained fruitless.

It is obvious—and I can prove it—that during the direct talks we had with them, the Ojukwu regime wanted to obtain political guarantees. In other words, the Ojukwu regime will not facilitate the relief flights its people so desperately need unless the Canadian government and the other governments concerned accept the *de facto* recognition of Biafra as an independent state. Such are the facts.

I suggest, Mr. Speaker, that under the circumstances, the government cannot be blamed for a lack of interest in the welfare or even in the survival of the so sorely tried civilians of the secessionist area of Nigeria.

The fact that we openly refuse to interfere in the political matters of another country

cannot simply be termed a technical reason or a matter of protocol. The fact that the Canadian government is bent on acknowledging the resolutions of the O.A.U. cannot be termed merely a scruple. The fact that we respect what we have helped to build—in this case, a friendly country, a member of the Commonwealth—cannot be termed stupid.

All these considerations are still significant if we want to play our part in the restoration work that will have to be undertaken as soon as the Nigerian conflict is over, if we want to retain the respect of the African continent as a whole, if we want to preserve abroad the image of Canada as a responsible country.

[*English*]

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the parliamentary secretary, but I must advise him that his time has expired unless there is a disposition to allow him to continue.

• (10:20 p.m.)

Mr. Knowles (Winnipeg North Centre): I hope he will be allowed to continue so that he can answer the question that he said he would answer at the end of his remarks.

Some hon. Members: Agreed.

Mr. Deputy Speaker: With unanimous consent, the parliamentary secretary may continue.

Mr. Goyer: I thank hon. members. The Canadian government also believes that no one should send arms to the Nigerian war theatre. This is a firm statement which has been enunciated publicly many times. It has also been expressed to the leaders of other governments by both the Prime Minister and the Secretary of State for External Affairs, and the statement is well known to Britain, the Soviet Union and the other countries involved.

Recently Mr. Stewart, the British Foreign Secretary, and Mr. Gromyko, the Foreign Secretary of the Soviet Union, were in Ottawa, and when the Nigerian conflict was discussed during their talks here they were reminded of Canada's own policy of not supplying arms to this theatre, as well as our own view that none should be supplied. Those are facts; I suggest nobody can accuse the government of being passive.

Hon. members will agree that the cessation of arms shipments to the Nigerian side only will not necessarily bring about an end to the war. Arms shipments to both sides must be stopped. But those countries who are reported to be supplying arms to the Biafran side deny such activity. As a result, it is extremely difficult to find a means of stopping all arms shipments. The government of Canada again calls upon all who are supplying arms to the two sides in this tragic conflict to look again at their policies. A complete cessation of arms shipments would undoubtedly help bring the end of this tragic war more closer and would save the lives of many. To conclude, I might recapitulate briefly the fundamental elements of the government's position. First, we are prepared to make further substantial contributions to relief needs in Nigeria, through whatever feasible and appropriate means may be open to the government.

Second, we, like many others, remain convinced that the urgent inauguration of daylight relief flights offers the most practicable and effective answer to immediate relief problems in the secessionist area.

Third, while keeping in close touch with the persistent efforts to bring about agreement on daylight flights, the government is also exploring possible alternative means of improving the relief delivery situation. Fourth, we stand ready to assist, in any way that both parties wish we might do so, in promoting a negotiated peace settlement. Fifth and finally, we look toward an effective role for Canada in the work of rehabilitation and reconstruction which must follow conclusion of this tragic conflict. I know the whole House, with all Canadians, shares the government's earnest hope that the day when this reconstruction process can begin will not be much longer deferred. Nigeria has always been an important area for Canadian economic aid, as shown by the nearly $20 million that we have provided since independence, in addition to the $3 million in relief. Peace will allow these important programs to go forward with new vigour.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wonder whether I might now put my question to the Parliamentary Secretary to the Secretary of State for External Affairs. I followed his remarks with interest, and I noted the things he said we cannot do. Granted, there are some things that Canada cannot do in the present situation, and granted that some relief efforts, such as those of the Red Cross, have broken down, is it not possible for Canada to support at this time the one

relief operation that is being carried on; and is it not clear that that, and that alone, has been the purpose of this motion and has been our request throughout all of this day's debate?

[*Translation*]

Mr. Goyer: Mr. Speaker, in view of the development of the conflict and the many practical reasons I have just pointed out, no doubt, it is not good enough merely to say: From now on, let us forget the past and seek other solutions.

We ought to consider new solutions keeping in mind the complexity of the Nigerian problem. It is in that spirit that we consider the negotiations with other organizations which now provide assistance to the afflicted population.

As stated by the Minister of Labour (Mr. Mackasey) in the House, the Prime Minister had consultations with representatives of Canairelief and, indeed, it is up to him to make his conclusions known.

[*English*]

Mr. Nystrom: Mr. Speaker, would the parliamentary secretary answer a further question? I am still a bit puzzled because of some of his remarks and I should like him to tell us whether he is in favour of or against this motion. Could he give us a simple yes or no answer as to whether or not we will contribute?

[*Translation*]

Mr. Goyer: Mr. Speaker, indeed, the reply I have just given also applies to this other question.

[*English*]

Mr. Deputy Speaker: Order, please. It is my duty to inform the House that pursuant to section 11 of Standing Order 58 the proceedings on the motion are considered to have expired.

It being 10.30 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, November 28, 1969

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

Second report of Standing Committee on Miscellaneous Estimates in both official languages—Mr. Leblanc (Laurier).

Third report of Standing Committee on Finance, Trade and Economic Affairs in both official languages—Mr. Clermont.

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

[*English*]

CANADIAN CONSTITUTION

CONFERENCE DATES, RELEASING OF DOCUMENTS, FACILITIES

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to inform the House that general agreement has been reached with the provinces that the third session of the Constitutional Conference will be held in Ottawa on December 8, 9 and 10 in the new facilities being prepared in the Centennial Centre. With the agreement of the provincial premiers, I hope to be able to table the agenda early next week, Mr. Speaker.

I might add that the federal and provincial governments have agreed that documents which they will be preparing for the conference will be released in advance of the conference next Thursday at two o'clock in the afternoon, or as soon thereafter as the provinces wish to do so. The federal government will be publishing a paper entitled "Income Security and Social Services". The Federal and provincial governments have also agreed that the meetings will be public and televised.

[*Translation*]

A few seats will be reserved for observers accompanying the federal and provincial delegates. As for us, we want all parties in the House to be represented. Since only so many seats are available, I would suggest that one seat be reserved for each leader of the opposition parties, two for the Speakers of both houses, one for the Leader of the Opposition in the Senate, four for senators and 24 for members, the latter reserved on the basis of party representation in the House. Of course, it will be up to each party to select its own delegates.

• (11:10 a.m.)

[*English*]

Arrangements are also being made to associate with the federal delegation the Commissioner of the Northwest Territories, the Commissioner of the Yukon Territory and one Councillor from each of the Territorial Councils. This is the same arrangement which was made for the conference in February, 1969.

HEALTH AND WELFARE

MEDICARE—SHARING OF COST OF PUBLIC SERVANTS' PREMIUMS

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the government has agreed that it will, as an employer, share in the cost of employees' medicare premiums, as recommended by the National Joint Council.

The policy provides that the employer will share in the direct premium charges levied upon employees by provincial governments with regard to medical care insurance. The share of the government will be the lesser of:

(a) 50 per cent of the direct premium, or

(b) $1.34 for single persons, $3.38 for married employees and $4.87 for employees with families.

The specific amounts referred to represent the differences between the basic employer premiums under the Group Surgical-Medical Insurance Plan and the sum of the employer premiums for supplementary medical and hospital benefits available to employees under the Group Surgical-Medical Insurance Plan.

Government Sharing Cost of Medicare

In order to cover to some degree the period during which this review has been carried out and consequently provide a measure of retroactivity, the employer's contribution for the four months commencing on January 1, 1970, will be at double the agreed rate.

The government has decided that, as employer, it should continue to contribute 50 per cent of the premium required for the basic Group Surgical-Medical Insurance Plan still operative in Quebec, Prince Edward Island and New Brunswick, in the Territories and outside of Canada. The government has also agreed it should continue to contribute 50 per cent of the premium of the supplementary medical insurance plan which is operative in medicare provinces.

The government has undertaken to continue its contribution of 50 per cent of the premium for optional hospital benefits.

Other participants in the Group Surgical-Medical Insurance Plan such as Members of Parliament, members of the Armed Forces, the RCMP and pensioners would also benefit by these decisions.

These decisions have been taken by the government following detailed consultation with employee organizations through the National Joint Council. The government wishes to express its thanks to the council, and particularly to its committee on health insurance plans, for its assistance.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to thank the President of the Treasury Board for having sent us in good time a copy of the statement he has just made. This is a practice we can encourage. I am pleased to say that we welcome this statement.

I recall that in July last I raised this question in connection with public servants in the province of Alberta, members of the Armed Forces and members of the RCMP who at that time were under a considerable disadvantage with respect to the medicare plan in that province. Now we find that persons in these groups, along with participants in the Group Surgical-Medical Insurance Plan, will, in one form or another, benefit in the same way as citizens who are not in government employ. I think this decision will be welcomed and that it will become the pattern for good employers. I am glad to see that in this respect the government has attempted to rehabilitate itself.

[Mr. Drury.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I, too, would like to thank the President of the Treasury Board for sending us in advance a copy of the statement he has just made. I should also like to commend the government on the decision which has been announced. One could remark that it has taken a few months for the government to reach this decision, but it has corrected that by the proposal to pay double amounts for the first four months of 1970.

In effect, what the government has done has been to place its employees and the others who are covered by this announcement back in the position they occupied before they were shifted to provincial medicare schemes. It has put them back in the same position as far as paying their medicare premiums is concerned in that the federal government will pay 50 per cent of these premiums, or up to a certain level. I have studied the formula carefully and, despite my penchant for finding something wrong with what the government does, I must say the formula that has been agreed on is a good one and that we welcome this announcement.

I realize that the President of the Treasury Board could not have overlooked this, but nevertheless I am delighted that the arrangement does include all those pensioners who come under the various federal pension schemes, such as federal superannuates, retired RCMP personnel, retired members of the Armed Forces and others. I am glad that they too will benefit from this announcement.

Speaking of pensioners, it is good to have this problem solved. It is one of two problems about which I have been bugging this minister for a long time. I hope the minister will soon rise in his place and make a similarly favourable announcement concerning increases in the pensions of our federal superannuates.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like, in my turn, to thank the President of the Treasury Board for sending us a copy of his statement in good French.

I should also like to thank the government for having accepted, for once, a National Joint Council's recommendation. We sometimes feel that the government pays little attention to its employees, but the decision it has just taken shows that it followed the recommendation resulting from previous

studies to the effect that it should protect its employees' health by paying 50 per cent of the direct premium for medicare.

I hope also that the government will pursue the same course and consider the problem of the retired employees, as suggested by my hon. colleague from Winnipeg North Centre (Mr. Knowles).

[*English*]

BUSINESS OF THE HOUSE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I should like to announce that there has been a discussion among the representatives of the parties with respect to the special order for the debate which we will have under way today and Monday. It is proposed that, for the purpose of debate on government order No. 32, Standing Order 31(1) shall be suspended and that the following time limits shall apply to debate on the item: no member shall speak for more than 20 minutes in the said debate, except that the first spokesman for each of the parties may speak for not more than 40 minutes.

This is not part of the order, but by way of exhortation I should also like to point out that I think it was agreed that nobody—and this means nobody—would seek an extension of those time limits. Perhaps the House would agree not to give any extension so that the maximum number of members might participate in this limited debate.

I have decided, even though the motion is in my name, to defer giving the House my views on the matter and I give way to the Minister of Finance to move the motion on my behalf.

Mr. Barnett: Mr. Speaker, I rise for the purpose of asking for a correction in *Hansard.*

Mr. Speaker: Order. I thought the hon. member was rising for the purpose of participating in discussion of the proposed motion of the President of the Privy Council. I should first ascertain whether the proposed order is agreed to by the House. Is it agreed?

Some hon. Members: Agreed.

• (11:20 a.m.)

DOMINION COAL BOARD DISSOLUTION ACT

MEASURE TO DISSOLVE

Hon. J. J. Greene (Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-161, to provide for the dissolution of the Dominion Coal Board and for the repeal of the Canadian Coal Equality Act, the Coal Production Assistance Act and the Dominion Coal Board Act.

Mr. Speaker: Is it the pleasure of the House that the minister shall have leave to introduce the said bill?

Some hon. Members: Agreed.

Motion agreed to, bill read the first time and ordered to be printed.

ORAL QUESTION PERIOD

TRADE

POTASH—POSSIBLE U.S. IMPORT PENALTY—FREIGHT RATE INCREASE—EXPORT BOARD

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In light of the very real fears of the potash industry in Saskatchewan and the people of that province that the United States may impose a mandatory penalty against the import of Canadian potash which would cost the Canadian industry millions of dollars and, in effect, the province, can the minister tell us whether he has undertaken any talks with United States authorities in order to deal with this threat?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): There have been talks before, Mr. Speaker. The regulations announced by the Premier of Saskatchewan last week are being studied now by different departments of the government, the Department of Justice, my department and others. They are being studied by the government and a commentary will be made when that study is completed.

Mr. Stanfield: Mr. Speaker, in light of the recent announcement by Canadian National Railways of its plan to raise rates on the shipment of potash by 6 per cent, will the Prime Minister tell the House whether it is the intention of the government to indicate to this Crown corporation the government's desire that it exercise restraint in increasing its rates in view of the threat of inflation?

Right Hon. P. E. Trudeau (Prime Minister): I will discuss that with the Minister of Transport, Mr. Speaker.

Inquiries of the Ministry

Mr. Stanfield: Mr. Speaker, I should like to direct a supplementary question to the Minister of Transport. Does he propose to interest himself in this proposed increase in freight rates affecting potash industry? Has he received any representations and, if so, what action does he propose to take?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I have received no direct representations. I do understand, however, that authorities in Saskatchewan have contacted the Canadian Transport Commission. I understand that subsequently a meeting has been arranged between representatives of Saskatchewan and officials of the railways and that it is to be held on Monday or Tuesday.

Mr. John Burton (Regina East): Mr. Speaker, I should like to direct a supplementary question to the Minister of Industry, Trade and Commerce. Is it the intention of the government or is the government giving active consideration in co-operation with the government of Saskatchewan, if necessary, to establishing an export board to market potash and to develop new markets, for example, in eastern European nations?

Mr. Pepin: That would be included in what I said would be the commentary of the government on that matter, Mr. Speaker.

Mr. Burton: Mr. Speaker, has the government determined if the minimum price for potash of $18.75 per ton to be enforced by the province of Saskatchewan makes it more difficult to deal with the U.S. anti-dumping decision and is the government making any representations to the government of Saskatchewan on this matter?

Mr. Pepin: The whole question is very difficult, Mr. Speaker.

Hon. Marcel Lambert (Edmonton West): Is the government of Canada now interesting itself, vis-à-vis the government of the United States, in protecting Canadian interests in this whole question inasmuch as it is a decision of the United States tariff board which will be applied against Canada? It is in respect of this particular point that I think the federal government should be having discussions with the United States government.

Mr. Pepin: There was extensive discussion before the decision was made by the government of the United States. I personally telephoned the Secretary of the Treasury of the United States, so the decision was made by the United States after the Canadian point of view had been put forward to them.

Mr. Burton: Mr. Speaker, in view of the urgency and importance of this matter, would the Minister of Industry, Trade and Commerce consider making a statement on motions in the near future?

Mr. Pepin: I will consider that, Mr. Speaker.

FINANCE

INCREASE IN BANK PROFITS—INQUIRY AS TO OBJECTION

Mr. Max Saltsman (Waterloo): Mr. Speaker, I have a question for the Minister of Finance arising from the announcement this morning that the profits of the Bank of Montreal have increased by almost 20 per cent. This is the third bank to make such an announcement. In view of the government's policy of restraint, has the minister raised any objection concerning banks' rates and these excessive increases? If so, can he indicate what the response has been?

Hon. E. J. Benson (Minister of Finance): It is very difficult to make objections to people because of increases in profits. I hope my hon. friend has noticed that the federal government's share of the profits of the Bank of Montreal through taxation went up to $37 million, more than half the profits. The shareholders will benefit, but the government of Canada and the people of Canada through the taxation levied will also benefit.

Mr. Saltsman: Mr. Speaker, am I to understand from the minister's reply that it is the policy of the minister to encourage the profit margins of Canadian banks?

Mr. Speaker: Order, please. The hon. member's supplementary clearly is argumentative.

Mr. Woolliams: A supplementary—

Mr. Saltsman: Mr. Speaker, a non-argumentative supplementary—

Mr. Speaker: Order. The Chair has recognized the hon. member for Calgary North.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, is it then the policy of the government to encourage high rates of interest so that it will be able to collect more taxes from the banks?

Mr. Benson: Mr. Speaker—

Mr. Speaker: Order, please.

Mr. Woolliams: Ten o'clock, Mr. Speaker. I think it is the whole policy of the government's high interest rates that is responsible. I can see that I am embarrassing the government.

Mr. Speaker: Order, please. Clearly we are getting into the realm of argument. I do not think the matter should be pursued at this time. The hon. member has given notice of his intention to debate the matter at the time of adjournment.

COMPANY OF YOUNG CANADIANS

LETTER FROM MR. SAULNIER TO PRIME MINISTER—ACTION BY SOLICITOR GENERAL

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Solicitor General. My information is that Mr. Saulnier stated that he wrote a letter in April, May or June to the Prime Minister setting out the situation in connection with the Company of Young Canadians and the degree to which the group to which he referred was acting outside of the law. I ask the minister whether a copy of that letter was delivered to him as Solicitor General and was it placed in the hands of the Royal Canadian Mounted Police for their attention?

Hon. G. J. McIlraith (Solicitor General): Did I understand the hon. member correctly to refer to a letter I am alleged to have written to the Prime Minister?

Some hon. Members: No.

Mr. Bell: Here we go again.

Mr. Woolliams: Put him in the Senate, Pierre; he needs it.

Mr. Diefenbaker: The minister needs another hearing aid. Was the letter which Mr. Saulnier says was sent to the Prime Minister in April, May or June, in connection with the extraordinary and seditious activities of certain members of the CYC, brought to his attention and did he in consequence instruct the RCMP to act thereon?

Mr. McIlraith: Mr. Speaker, the hon. gentleman has made certain assertions about a letter. I have no knowledge of such a letter, and I do not believe such a letter was written.

Mr. Diefenbaker: Mr. Speaker, I ask the Prime Minister: did he receive such a letter and will he table it in the House?

Right Hon. P. E. Trudeau (Prime Minister): I cannot remember ever having read such a letter.

Some hon. Members: Oh, oh!

Mr. Trudeau: I may say, Mr. Speaker, that no such letter was ever sent or received.

Mr. Diefenbaker: Sometimes people forget, even in matters of great consequence. Would the Prime Minister have a search made to see whether such a letter was received and, if so, will he have it tabled in the House?

Mr. Trudeau: Mr. Speaker, surely the letter is hypothetical.

Mr. Diefenbaker: Not as far as Mr. Saulnier is concerned.

Mr. Trudeau: I have not heard that Mr. Saulnier ever said he wrote me a letter to that effect.

Mr. Diefenbaker: Would the Prime Minister answer this simple question: Will he have a search made—

Mr. Speaker: Order, please.

Mr. Diefenbaker: —to see whether it is lost and, if not, will he table it?

Mr. Speaker: Order, please.

Mr. Diefenbaker: I still want to ask a supplementary question, if I may. Refreshing his memory may help the Prime Minister. Are they hiding something?

Mr. Trudeau: I think the right hon. member may be alluding to the fact that yesterday I said that Mr. Saulnier had talked to me or had informed me about certain things, but this was not in writing; it was at the time I met him in Montreal. I know of no such letter, and if there were such a letter I would not hide it.

Mr. Diefenbaker: And would not find it.

Mr. Trudeau: I do not know if the right hon. member feels that somebody is trying to hide him.

Mr. Speaker: Order, please. I believe other hon. members have supplementary questions.

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): I have a supplementary question for the Prime Minister. I wonder if he would care to look under his bed to see whether the letter happens to be filed there?

An hon. Member: That is what you are around for.

Mr. Diefenbaker: Apparently the government does not intend to look for the letter because it is embarrassing.

Mr. Steven E. Paproski (Edmonton Centre): I have a further supplementary question for the Solicitor General. When did the minister receive the report of the Royal Canadian Mounted Police on the Montreal riots?

Mr. McIlraith: To which particular riots is the hon. member referring? I receive reports from the RCMP very frequently, several times a week.

Mr. Paproski: I have a further supplementary question. On what day did the minister receive the report?

Mr. McIlraith: I do not understand the hon. gentleman's question. The subject is of such importance that I believe I should answer the question.

Mr. Speaker: Order, please. We do not appear to be making much headway in this exchange of questions and answers. We will try the hon. member for York North.

Mr. Paproski: Mr. Speaker, a point of order—

Mr. Speaker: I have to ask for the co-operation of the hon. member for York North. The hon. member for Edmonton Centre is seeking the floor.

Mr. Paproski: I should like to make a clarification and say that the riot about which I am concerned was on October 7, but since the minister has already said he has received reports I should like to ask him a further supplementary question, if I may. Would he give consideration to giving the reports to the committee investigating the Company of Young Canadians?

Mr. McIlraith: If the hon. gentleman, as he now indicates, is referring to the riots on October 7, I had reports of those during the time they were taking place and several times the next day and the following day. Those reports were verbal reports to me and were not in writing, but the matter was fully and carefully reported by the RCMP during the whole of the day on which it started, October 7, and on subsequent days.

[Mr. Walker.]

Mr. Speaker: Order, please. Now that we have disposed of the point of order, I recognize the hon. member for York North.

Mr. Barney Danson (York North): I have a supplementary question for the Solicitor General. In view of the confusion, I wonder if the Solicitor General would consider planting the right hon. member for Prince Albert in the CYC as an undercover agent to supply us with all the facts?

[*Translation*]

SOURCE OF REPORTS RECEIVED BY RCMP

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to put a question to the Solicitor General.

In view of the statement made yesterday by the Minister of Justice to the effect that the Royal Canadian Mounted Police had received reports about the activities of the Company of Young Canadians in the province of Quebec, could he tell the House whether the RCMP sent him any reports from provinces other than Quebec?

[*English*]

Mr. McIlraith: I think the hon. member is under a misapprehension. As I read *Hansard,* the reports to which he is referring were discussed in the House yesterday during the question period. These reports arise out of material seized immediately after the October 7 disturbance in Montreal, and that information has been coming forward from time to time since October 29 from the Montreal police to the RCMP. The major part has come after November 20. That information is passed on immediately, after the RCMP have looked at it, to the law officers of the Crown for an analysis and their opinion on it. I might add that this material is still coming and more of it is anticipated—

Mr. Woolliams: It will keep coming.

Mr. McIlraith: The hon. member for Calgary North seems to know a great deal about it.

Mr. Woolliams: The minister should know a lot more.

Mr. McIlraith: There is more of it to come, and until its examination is completed and the evidence is completed I do not think I will have much more to say to the House.

As to the question whether other documents came from other provinces, I do not see how documents of that nature could come, and the answer would have to be a simple no.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Chair will allow one further and last supplementary question because we do have to go on to other subjects.

Mr. Paproski: I wonder if the Solicitor General can say whether he is aware that the riots and all the other problems that have arisen in Montreal are part of a well organized plan by the international communist movement?

Mr. McIlraith: No, Mr. Speaker. The Solicitor General would not be so irresponsible as to say that all other problems in Montreal are due to this factor. He would not give any such opinion.

ADMINISTRATION OF JUSTICE

ALLEGED INVASION OF BUSINESS BY MAFIA

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Solicitor General. Has he received any report of a statement made within the last day or two by a high officer of the John Howard Society in Vancouver that the Mafia have invaded the business field, particularly the small loans sector and, if so, what is being done about it?

Hon. G. J. McIlraith (Solicitor General): I have noted the statement, Mr. Speaker. It has been drawn to my attention but I am not in a position to make any report on the assertion, and indeed I think the hon. member will realize it would be inappropriate for me to say what has been done about the statement. The subject matter has been drawn to my attention, and the subject matter is of concern and is receiving attention.

Mr. Howard (Skeena): Am I to assume that somehow it is being investigated by our police force?

Mr. McIlraith: Mr. Speaker, it has never been the practice here for ministers to say what suspicions of offences are being investigated. There is a very good reason for that, and that is why I tried to avoid answering that question.

POLLUTION

NON-PHOSPHATE DETERGENT RESEARCH

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I would like to give the Solicitor General a rest by addressing this question to his seatmate, the President of the Treasury Board. Would he be prepared to direct the National Research Council to undertake a crash program of research into finding a non-phosphate detergent in view of the widely expressed concern that detergents containing phosphate should be banned from use and in view of the fact that statements by the industry indicate that no substitute is on the immediate horizon?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, a very considerable amount of work is being put into discovering or trying to find detergents which do not have the undesirable effects of the current phosphate ones. I do not know all the work that is being done, but I would be glad to find out and inform the hon. member.

[*Translation*]

SHIPBUILDING

APPROVAL OF CONTRACT TO DAVIE SHIPBUILDING LIMITED

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I have a question for the Minister of Transport.

Has the federal government approved a $50 million contract awarded to Davie Shipbuilding for the construction of 24 freighters?

[*English*]

Hon. Donald C. Jamieson (Minister of Transport): Not to my knowledge, Mr. Speaker.

[*Later:*]

[*Translation*]

Mr. Ricard: Mr. Speaker, I should like to ask the President of the Treasury Board why the federal government has deferred its approval of the $50 million contract awarded to Davie Shipbuilding?

Mr. Speaker: Order! I think that the information requested by the hon. member for Saint-Hyacinthe should normally be given in a statement on motions.

If the minister wishes to answer the hon. member's question, he might do so immediately.

[*English*]

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I regret to say I have no knowledge of such contract.

Inquiries of the Ministry

UNITED NATIONS

RE-ELECTION OF CANADA TO CERTAIN BODIES

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Acting Secretary of State for External Affairs. Perhaps the minister would like to take it as notice. Is it the policy of the government not to seek re-election to the Industrial Development Board of the United Nations and the Committee on Program Co-ordination for Economic and Social Development because of a reassessment of priorities due to the staff freeze resulting from the current austerity program? Further, if the minister is to take this question as notice, I have a supplementary—

Mr. Speaker: Order, please.

Mr. Fairweather: What is the rationalization—

Mr. Speaker: Order, please. Before the hon. member proceeds with the supplementary, perhaps I might be of assistance to him by suggesting to him that both the question and the supplementary be put on the Order Paper.

THE MINISTRY

ACTIVITIES OF PRIME MINISTER'S PRINCIPAL SECRETARY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the recently disclosed information that the principal secretary to the Prime Minister is acting as secretary of an organization of 50,000 Liberals, a new and potent political arm, is the Prime Minister satisfied that this secretary, as capable as he may be, is able to carry on his public service duties which are about the most highly priced in Canada?

Mr. Speaker: The hon. member for Waterloo.

Mr. Bell: No, Mr. Speaker—

Mr. Speaker: The hon. member will have to assume that I do not accept the question as being one that can be asked at this time. If the hon. member thinks there is urgency to the question it could be debated at the time of adjournment.

Mr. Bell: May I rephrase my question, Sir, if it is not in order. With your indulgence, sir, may I ask the Prime Minister if this principal secretary is engaging in these political duties and, if so, is he still carrying on his duties as one of the highest priced public servants in Canada?

[Mr. Drury.]

Mr. Speaker: The question should be placed on the Order Paper.

STUDENT LOANS

ALLEGED REFUSAL BY BANKS TO LEND TO CHILDREN OF WELFARE FAMILIES

Mr. Max Saltsman (Waterloo): Mr. Speaker, I wish to direct a question to the Minister of Finance. Has his attention been drawn to a statement by a Liberal member of the Quebec National Assembly who charged that banks are refusing student loans to children of welfare families and, if so, does he intend to make representations to the banks?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I will certainly look into the matter. It had not been drawn to my attention. I would hope such is not the case. I think the student loans program instituted by this government has worked very well, even though it is administered by the provinces—

Some hon. Members: Oh, oh!

Mr. Benson: —and we would hope it would continue to work that way.

FINANCE

DISCUSSIONS RESPECTING SELECTIVE BANK LOAN POLICIES

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I wish to direct a supplementary but perhaps broader question to the Minister of Finance. Is he holding discussions with his friend, the Governor of the Bank of Canada, in order to have the banks institute selective lending policies so as to ease the effects of monetary stringencies in slow growth areas?

Mr. Speaker: Order. That is not a supplementary question, but as the question has been asked perhaps the minister might be allowed to answer it.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the banks have been urged to do this both by the Governor of the Bank of Canada and by myself publicly. May I say that I would like to get away from the idea that the Minister of Finance runs the banks in Canada. The banks are run by their share-

holders and officers, and my dealings with them are through the Governor of the Bank of Canada who is responsible for banking generally in this country.

Mr. Lundrigan: A supplementary question, Mr. Speaker. In view of the fact that the Governor of the Bank of Canada claims not to be in agreement with selective lending policies in regional areas, could the minister indicate what plans he has to resolve this conflict between himself and the Governor of the Bank of Canada?

Mr. Benson: Mr. Speaker, I think what my hon. friend has said is exactly contrary to conversations I have had with the Governor of the Bank of Canada. I would be pleased to look into the matter but I know that the Governor of the Bank of Canada has urged the banks not to impose as severe restrictions in areas of development in this country. I know that to be the case because it has been done in my presence.

HOUSING

PUBLIC HOUSING, URBAN RENEWAL—
INQUIRY AS TO STATEMENT

Mr. John Gilbert (Broadview): Mr. Speaker, I wish to direct a question to the minister in charge of housing. Can we expect his long awaited statement on guidelines for public housing and urban renewal before the Christmas recess? If not, would he state the reason why not?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, I think I will be able to make some statement on both matters before the Christmas recess. The delay has been caused by long consultations with my counterparts in the provincial governments. We are receiving their recommendations now, and they will be carefully considered. We have not yet received them all. I think there will be further consultations with them before we make any definitive statement but I would hope, if it is at all possible, to make such a statement before the Christmas recess.

ECONOMIC COUNCIL

REDUCTION OF PERMANENT SECRETARIAT—
EMPLOYMENT OF OUTSIDE CONSULTANTS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I wish to direct a question to the bearer of good news, the President of the Treasury Board. It concerns the representations which the minister said he was receiving from the Economic Council of Canada concerning proposed reduction of its staff and the curtailment of its contracts with outside consultants. Can the minister advise if the representations of this important and valuable body have received favourable consideration.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, representations were received some time ago and an answer was made to the Economic Council of Canada, the nature of which I outlined some few days ago in the House.

Mr. Macquarrie: May I ask very simply if the answer was favourable, such as that given to the Auditor General, particularly considering how much the government needs economic advice?

Mr. Drury: Mr. Speaker, I think the definition of "favourable" is a very subjective one and perhaps depends a bit on where you sit.

FINANCE

REQUEST FOR MORATORIUM ON
FARM LOAN PAYMENTS

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, may I direct a question to the Minister of Finance. In light of the serious economic plight of the Canadian agricultural industry at the present time, would the minister give serious considering to declaring a one-year moratorium on interest and principal payments on farm improvement loans, Farm Credit Corporation loans and farm machinery syndicate loans?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, this has not been considered at the present time, but I would be glad to look into the suggestion made by the hon. member.

Mr. Max Saltsman (Waterloo): A supplementary question, Mr. Speaker. While the minister is looking into that, would he give some consideration to the establishment of regulations governing the spread between what banks pay for money and what they charge for money?

Mr. Benson: Mr. Speaker, I would be glad to look into any suggestion made by the hon. member.

Inquiries of the Ministry

COST OF BORROWING IN CANADIAN MONEY MARKET

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I direct a question to the Minister of Finance. Can he explain to the House how it is that in the face of the government's monetary and fiscal restraint policies the cost of borrowing in the Canadian money market hit an all-time high last week all across the board?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, that situation is not confined to the Canadian money market but obtains throughout the world.

EXTERNAL AFFAIRS

DELIVERY OF RELIEF SUPPLIES TO BIAFRA

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, may I direct a question to the Prime Minister. Following the conversations he had last evening with the heads of Canairelief, can the Prime Minister indicate whether the government is seriously considering participating directly in the flying in of food to Biafra during the night hours?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have nothing to add beyond what I said in my speech, that we are looking at alternative methods of ensuring the relief of starving people.

INQUIRY OF THE MINISTRY

Mr. John Burton (Regina East): Mr. Speaker, I wish to direct a question to the President of the Treasury Board in his capacity as Acting Minister of National Defence. Have any preparations been made for the invasion of Montreal this weekend by the Saskatchewan Roughriders?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, as a Montrealer I can say that adequate preparations have been made for their repulse.

Mr. Burton: A supplementary question, Mr. Speaker, In the likely event that the defenders of Montreal are routed, have preparations been made to establish evacuation centres in the Ungava region?

Some hon. Members: Oh, oh!

TRANSPORT

RAILWAY ORDER RESPECTING FROST DAMAGE TO FLOWERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is of great

[Mr. Benson.]

and immediate urgency to the florist industry of western Canada and arises from an order which has been made by the CPR, which I understand is also to be adopted by the CNR, whereby consignees of flowers henceforth will be required to take the risk of frost damage. This practically strikes a death blow at the florist industry. Have representations been made to the minister and will he bring those representations to the attention of the railways?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, in this particular case I saw a most awesome demonstration of flower power. A protest was received yesterday along with a very nice bunch of roses. As a result, since this was done in such an amiable fashion, I have arranged for a meeting between the parties concerned and the railways. I believe that will be taking place on Monday. I have also indicated my sympathy for the florists in this matter.

COMPANY OF YOUNG CANADIANS

INVESTIGATION OF MR. SAULNIER'S STATEMENTS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I ask the Solicitor General whether, following the statements made by Mr. Saulnier to the Prime Minister last spring, the Solicitor General at any time gave instructions or launched any sort of investigation with respect to any of these charges or matters arising out of any of these charges?

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, the information, as I understand it, was not in the nature of a charge or anything like that. There has been full information communicated to the Solicitor General and appropriate action taken throughout.

Mr. Stanfield: A supplementary question, Mr. Speaker. I want to make sure the Solicitor General understands me. What I asked was whether, following the receipt of this information or these charges from Mr. Saulnier—perhaps the Prime Minister may prefer to answer this question—the Solicitor General launched an investigation or gave instructions with regard to any such investigation?

Mr. McIlraith: Mr. Speaker, I should, I think, deal with the matter this way. The hon. member is asking whether we launched an investigation. The work of the police authorities in this kind of activity relates to persons. The information was passed on to

me; therefore discussion of the action being taken by the police in connection with the whole matter, intensified examination of any information they had and steps they should take to perfect what information they had, relates to persons. There is great confusion, I notice, in the question between persons and certain companies or organizations.

Some hon. Members: Oh, oh!

Mr. Stanfield: A supplementary question, Mr. Speaker. I ask it so as not to be unfair to the Solicitor General or misinterpret him. As I understand it, he has not given any instructions leading to an investigation into those charges but has simply examined information or documents that may have been sent to him?

Mr. McIlraith: No, Mr. Speaker, that is not a correct summary of the situation at all.

[*Translation*]

POSSIBILITY OF LIMITING CERTAIN ACTIVITIES

Mr. Gérald Laniel (Beauharnois): Mr. Speaker, I have a supplementary question for the Prime Minister. It has to do more with the present than with the past, in connection with the activities of the Company of Young Canadians.

Considering the serious nature of some of the charges or allegations made with regard to the activities of the CYC, would the Prime Minister inform the House whether the government has already considered the means at its disposal to curtail or limit some of the activities of the CYC until such time as the act may be amended?

Mr. Speaker, I would like to know whether it is at present in the government's power to freeze certain funds placed at the disposal of the Company should it deem it advisable.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have studied that question. As the measures we could take under the act did not seem sufficient to us, we decided to refer to the committee of the House all questions related to the organization and to the structure of the Company of Young Canadians.

[*English*]

REQUEST FOR STATEMENT BY SOLICITOR GENERAL

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. Since the Prime Minister and the Solicitor General seem to have successfully thrown out a fogscreen, will the Solicitor General make a statement, consistent with his responsibilities, carefully outlining what did happen and what action was taken?

Mr. Trudeau: The fog is over there, with the opposition.

Mr. McIlraith: Mr. Speaker, there has been no fogscreen thrown out. The situation is that certain evidence is being given now before a committee of this House. It has also been stated that certain evidence has come from one police force to the federal police authority and that it is being examined by the law officers of the Crown. Until the examination of that information is complete and the work of the committee of this House is complete, I do not think any useful purpose would be served by the Solicitor General making such statement at this time.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, may I direct a supplementary to the Solicitor General. It is not about information that may be coming to the responsible minister. Is it not a fact that the anti-subversive squad in Montreal is a three-party group made up of provincial, city and federal police authorities, the latter being the RCMP, and that they have been in on all these anti-subversive seizures and searches?

Mr. McIlraith: Yes, Mr. Speaker.

Mr. Speaker: Order, please. I was going to say that the question was asked in an argumentative way, but it has been replied to. We have just three minutes left before the end of the question period.

HOUSING

UNITED CHURCH PROPOSAL RESPECTING RENT SUBSIDIES

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, may I address a question to the minister in charge of housing. In line with the proposal of the United Church of Canada, will the minister try to get a cabinet decision to permit him to use the $28 million now earmarked for a Canadian Pentagon to provide, instead, rent subsidies of $1,000 each to 28,000 Canadian low income families?

Mr. Speaker: Order, please. The hon. member's question is rather in the form of a representation and to that extent I suggest it is not in order.

Inquiries of the Ministry

AIR TRANSPORT

WABUSH—REQUEST FOR STATEMENT ON FACILITIES FOR LANDING

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Transport. Is the minister now in a position to answer a question directed to him by the hon. member for Grand Falls-White Bay-Labrador a few days ago regarding statements made by officials of Quebecair raising serious doubts about the safety of the airport at Wabush, Labrador?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. I wish to assure the hon. member and the House that, as I explained to the Standing Committee on Transport and Communications yesterday, with the navigational aids that are provided at Wabush and with operation in accordance with operating procedures established by the Department of Transport, flight operations at Wabush can be conducted safely at the same high standards as those in effect at other commercial airports across Canada.

THE CANADIAN ECONOMY

PLACING OF SERVICEMEN'S GROUP INSURANCE WITH U.S. ACQUIRED CANADIAN COMPANY

Mr. Randolph Harding (Kootenay West): I have a question for the Minister of Finance. Is the minister ready to answer the question I addressed to him on October 31 as to how and why group life insurance for the Canadian Armed Forces, worth between $1 billion and $2 billion, has been given to a foreign controlled insurance firm?

Hon. E. J. Benson (Minister of Finance): Not only did I answer that question, Mr. Speaker, but I also indicated at the time that I believed a similar question was on the Order Paper and was going to be answered by the Minister of National Defence.

PENITENTIARIES

SALARY INCREASE FOR CORRECTIONAL STAFF

Mr. Mark Rose (Fraser Valley West): My question is directed to the President of the Treasury Board. In view of the discontent of the penitentiary correctional staff over the proposed salary increase of 2 per cent, will the minister have this matter reviewed in the hope that these important public servants may be awarded a living wage?

[Mr. Speaker.]

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, the course of collective bargaining, like that of true love, is not always smooth. We are in the midst of collective bargaining negotiations.

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

Hon. E. J. Benson (for the President of the Privy Council) moved:

That the whitepaper entitled Proposals for Tax Reform, tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, the motion before the House is, I believe, very important in two respects. First, in referring proposals for changes in the tax system to a committee of the House for detailed discussion and for hearings before a bill is drafted, we are breaking new ground in Canada. The importance of this motion also stems from the fact that the white paper contains proposals for the most substantial reform of the Canadian income tax system since the Income War Tax Act was first introduced 52 years ago.

I will not catalogue all the proposals today because the white paper has been in member's hands for three weeks. Also, members were able to obtain some clarification of the proposals in a question and answer period immediately before the paper was made public. However, I do want to review the objectives which the government had in mind in framing these proposals. I will mention a few of the more important proposals by which we hope to attain those objectives.

First, we believe that there must be a fair distribution of the tax burden based on ability to pay. In keeping with this objective we have recommended that basic exemptions be increased to $1,400 from $1,000 for single taxpayers and to $2,800 from $2,000 for married taxpayers. We have also recommended that mothers with jobs be permitted to deduct child care expenses and secondly, that a general deduction be granted for employment expenses up to a maximum of $150. Further, our most fundamental proposal is that capital gains be brought to tax and that capital losses be deductible. Taken together the tax propos-

als would eliminate taxes for 750,000 Canadians. They would reduce taxes for another 3,000,000. About 800,000 would pay virtually the same tax, and to finance the relief to the lower income groups about 3,000,000 would pay more.

Our second objective was to see that the tax system interfered as little as possible with economic growth and productivity. Expenditure programs which tax finance foster economic and intellectual growth and the security of Canadians. But taxes taken by themselves interfere with economic growth and productivity. It has been one of our goals to try to design an income tax system which would interfere as little as possible with incentives to work and invest and with the direction our economy follows in meeting demands of consumers and other markets. In this connection we propose to give Canadian shareholders credit for half or all of the Canadian income taxes paid by their corporations, depending on whether they are widely held or closely held corporations.

Mr. Lewis: May I rise on a point of order? I hope this will not sound offensive to the minister because I do not intend it to be. I wish he would deliver his speech a little more slowly, perhaps by paying a little less attention to the extensive notes that he is looking at, in order that we may follow him.

Mr. Benson: Mr. Speaker, I will be very pleased to speak more slowly.

Mr. Lewis: I just want him to—

Mr. Benson: I hope hon. members will sympathize with me because I have a cold today and it is rather difficult to speak as loudly as I otherwise would.

We also propose to extend tax incentives to the mining and oil industries, although in a more direct and less costly way.

Keeping the tax system simple is an uphill battle, but we have tried. The growing complexity of our society and our economy requires a lot of rules if the tax system is to be fair. Nevertheless, we have tried to remove as many complexities as possible. For example, we propose to replace the surtaxes, the abatements and special taxes which have grown up over the past 15 to 20 years with a single, simple rate schedule. This would simplify tax calculations for all Canadians. Our proposals to bring capital gains into income include rules to reduce the difficulty of complying with the law. They would remove many of the uncertainties of the present system. Now, a taxpayer is often unsure of the tax results of a particular transaction. He fears that unless he hires sophisticated advisers who can twist the transaction, he will pay substantially more tax than others with advisers.

This ties in with another very important fact concerning our tax system. Ours is basically a self-assessment system in which the vast majority of our taxpayers comply in all respects with the tax laws. Our system must encourage them to continue to do so. The best encouragement is to demonstrate clearly that others in similar or better economic circumstances will bear their fair share of the tax. This can only be accomplished by closing loopholes in the law, and by treating capital gains as income.

A final important goal is to design a tax system that the provincial governments will adopt for their income taxes. For the past 30 years the tax systems of the federal and provincial governments have developed in fairly good harmony. Should some provincial governments step out in another direction, Canadians would find it more difficult to comply. The time spent on their annual task of preparing returns might be doubled. And for those taxpayers who have interests in more than one province, there might be overlapping and double taxation. Since the publication of the royal commission report, we have met often with provincial ministers and officials to discuss the commission's proposals, and the provinces have made their views known to us. We have had those views in mind in the preparation of these proposals. Now, the government plans to continue this process by consulting the provinces about the white paper. The first meeting of ministers will take place about two weeks from now.

I should also like to mention at this point that in bringing forth the proposals for tax reforms, it was not intended to solve the problems of distribution of tax revenues between the provinces and the federal government. All the proposals are intended to do is build a fair system of taxation as a basis for taxing income in Canada. The distribution of tax revenue between the provinces and the federal government is another matter, and one which will undoubtedly be under continuing discussion, but it is not basic to these proposals.

Taxation Reform

• (12:10 p.m.)

I mentioned earlier that we are following a new procedure in referring the reform proposals to a committee of the House. This procedure will permit interested Canadians to put forward their views concerning the proposed Canadian tax system and to bring to the attention of Parliament and the government particular situations in which for some reason the proposals might have anomalous results.

The white paper has also been referred to a committee of the other place. I hope that the two committees will co-ordinate their activities so that their programs for hearing witnesses do not conflict. I propose at some appropriate stage to bring in an amendment which, if accepted, would enable the committee to obtain staff as necessary to assist them in carrying out their examination of these tax proposals and also to study the numerous briefs which, no doubt, will be submitted.

We believe that the proposals outlined in the white paper would produce a good tax system, a system substantially better than the one we now have. Indeed, we believe that it would be a system better suited to the Canadian situation than any of the systems in other countries. But we do not suggest it is a perfect system. If Canadians, including members of the opposition, can put forward ways in which these proposals could be improved, the government will be quick to adopt them. What we are bringing forward, and I have said this before, are proposals for tax reform. We are in no way bound by these proposals; indeed, I have made it clear from the day they were brought forward that we want hon. members of this House and all other Canadians with suggestions to offer, to make them known for consideration.

I now wish to bring to the attention of hon. members two of the modifications which we are prepared to make. I think it is important to clear up a couple of the situations dealt with in the white paper. The first concerns a modification of details in the proposals concerning the application of capital gains tax to bonds and mortgages. In the white paper, it was recommended that if the value of a bond or mortgage held by a taxpayer was less on valuation day than the cost to him of that investment—or his amortized cost, if he bought at a discount—the recovery cost or amortized cost would not be taxed. As originally phrased, this rule would only have applied to bonds held on white paper day. It is now proposed that the same treatment be

accorded to bonds and mortgages purchased between November 7 and valuation day. This would ensure that a market dip extending through valuation day would not cause taxpayers who buy bonds and mortgages now to pay tax on more than the yield they had expected at the time of their purchase.

Some hon. Members: Hear, hear.

Mr. Benson: This should remove an uncertainty which might otherwise have complicated the marketing of new bond issues and bond trading between now and valuation day.

Mr. Stanfield: Better market those bonds.

Mr. Benson: Would you like to hear about the success of the new Canada Savings Bonds—the largest amount ever raised in an issue?

Some hon. Members: Hear, hear.

An hon. Member: And the highest interest rate.

Mr. Benson: The second example concerns dividends passing from a gas, steam or electric utility company to its parent company. At present, 95 per cent of the tax paid by these companies on their utility profits is turned over to the provinces, and the white paper proposes that it all be turned over in the future, that is, 100 per cent. Consequently, there would not be any net federal tax for which shareholders could be given credit. If the proposals were applied literally, there would be a federal tax on a dividend from a utility company to its parent, even though the provinces had received a tax of 48 per cent on the utility profits. This would be adjusted to 50 per cent when the 100 per cent of the tax is paid over. Individual Canadian shareholders of the parent company would receive credit for their share of this tax. However, the cash flow of the company would be reduced and shareholders who were either under a pension plan or not resident in Canada would not receive credit for their share of the tax. The government is prepared to remedy this situation. We would provide that a parent company can receive tax-free a dividend from a subsidiary that is a gas, steam or electric utility provided the dividend is paid out of profits which have borne the tax we are turning over to the province.

Naturally, these are not the only questions which have been raised with me in the past three weeks. Indeed, they are not the ques-

tions which have been raised most often. I should like to comment now on two or three of the most popular questions.

In my discussions with Canadians across the country I have been told the same story over and over again by taxpayers in the middle income group. They do not mind paying a little more in taxes if in doing so they will lighten the load for those with low incomes. But they want to be sure that those who are better off than they are will be pulling their weight.

Naturally, they are concerned when suggestions are made that taxes will go up more for those with middle incomes than for those in the upper income group. Comments like these are misleading. They ignore completely the effect on the upper income group of bringing capital gains into income.

When estimating the effects of the white paper proposals, we used a carefully constructed sample of 100,000 personal income tax returns from 1967, with adjustments to reflect the number of 1969 taxpayers, their incomes and tax rates. This sample is representative of the whole tax-paying population. By calculating the tax for each of those returns under the white paper proposals, we were able to derive the over-all revenue and incidence effects. With capital gains, we relied on the relationship between dividends received and capital gains, and to some extent on United States experience. But we believe the results are as good an estimate as can be derived.

The computer runs show the average increase or decrease in tax for taxpayers in various income brackets when all of the changes, including capital gains, are taken into account. They show that taxpayers now in the $10,000 to $15,000 income group would pay average increases in income taxes of $210. This includes both single and married taxpayers—all taxpayers. In the $15,000 to $20,000 group the average increase is $420; between $20,000 and $25,000, it is $445; between $25,000 and $50,000, it is $870, and for those with incomes over $50,000, the average increase would be $1,820. So, when we include the provisions concerning capital gains, we find it is a progressive tax up the scale; there is no upward movement affecting the middle income group particularly. There may be individual taxpayers, not realizing capital gains, who would not face as large an increase, but the upper income group as a whole would pay their share of the cost of the tax relief proposed for the low income groups. Let me say that the wealthy understand this. They have told me so—in Calgary and elsewhere.

Mr. Woolliams: They told you in Calgary, all right.

Mr. Benson: I would also point out that the reduction in the top rate from 80 per cent to 50 per cent would cost some $40 million while the revenue from capital gains, which will be derived largely from the same group of people, would amount to some $340 million. This confirms the data produced by the computer runs which I have just mentioned.

• (12:20 p.m.)

Taxpayers have also asked about the proposal that certain assets be revalued every five years. In view of some comments which seem to assume that all assets would be taxed every five years, it should be made crystal clear that this proposal applies only to the shares of widely-held Canadian corporations—the shares which give rise to half-rate gains. The proposal does not apply to any other class of asset. In particular, it would not apply to the shares of closely-held private corporations. The shares of public companies are readily marketable. Therefore, taxpayers can realize their gain or loss fairly readily at the time of their own choosing. In a manner of speaking, they would be on a voluntary tax system. The government feels that some limit to this type of postponement is desirable in order to distribute the tax burden fairly between those who own such shares and those who do not.

A revaluation every five years would reduce the lock-in effect. By "lock-in", I means the pressure on taxpayers to hold on to assets all their lives to avoid tax at the time of sale. This might interfere with the free working of the capital market. Periodic revaluation also has some technical advantages that are detailed in the white paper, and I refer hon. members to them.

We recognize that is is a new idea to Canadians, and that those who own shares in widely-held corporations may need some time to grow accustomed to it. Here again this is a matter that I think will receive a great deal of discussion, and rightly so, before the committee of the House.

I might also say that one of the difficulties that arises when one moves into the taxation

of capital gains is that governments want at some time to realize the tax on the gain. If one is allowing a roll-over of the property—this applies to all property mentioned in the proposals—at death, it would be possible for someone to hold shares in widely-held public corporations, hold on to them through several generations with a consequent great increase in value, and the tax would never be collected. I believe that in the case of trusts in Britain there is now a periodic revaluation. In the United States, partially because of this sort of problem, I understand they are now proposing to put a limit on the life of a trust.

It is a difficult problem to deal with. One might say that one should only collect the tax when the securities are sold. If one did that and allowed a roll-over at death, which would not force people to pay the gains tax and the estate tax at death, the shares in question might pass through the hands of several generations without tax being collected on the increment in value, whereas other Canadians would be paying tax on the increment in value of other assets of which they had disposed.

Mr. Lewis: Mr. Speaker, at this point may I ask the minister a question. He dealt only with shares in widely-held corporations and closely-held corporations. Would this five year revaluation also apply to land, and other assets of that sort?

Mr. Benson: No, Mr. Speaker, it would not apply to any other assets. Under the proposals put forward by the government in the white paper, it would apply only to shares in widely held corporations.

The third issue that has been raised with me in the past three weeks concerns so-called small business. In fact, as the discussion progresses it becomes clear that the real issue involved is the 21 per cent rate of tax that now applies to the first $35,000 of annual profits earned by a corporation.

It is important that we understand just exactly what we are discussing here. We are not discussing the businessman who runs the service station or the corner store. These people are not incorporated as a rule, so very few of them get any benefit from the 21 per cent corporate tax rate.

In 1967 over 450,000 Canadians paid tax on their business profits at personal rates because they were unincorporated. This group includes about 50,000 doctors, lawyers and other professionals who are barred from incorporating. However, this leaves 400,000 other business men who did not get any benefit from the low corporate tax rate. These, I believe, are the real small businesses in Canada.

Compared with the figure of 400,000 individual businesses, only 94,000 corporations paid tax in 1967. Of these, only 46,000 had assets under $100,000. These figures correspond with my experience when I was practising some time ago. Very few of my clients had the 21 per cent rate in mind when they went into business. Most of them went into business for other reasons and then incorporated to take advantage of the 21 per cent rate when the businesses concerned began to do really well. When they got to the point where they saw they could save money by paying the 21 per cent rate, whether or not they needed the money in the business, they would incorporate to postpone tax; and at interest rates that run up to 10 per cent, a postponement of taxes is very valuable.

Let us now try to put this 21 per cent rate in perspective. Under the existing system, an unincorporated proprietor or a wage earner encounters a tax rate of 23½ per cent as soon as his taxable income reaches $2,000. Just as Canadians want to be assured that the wealthy are paying their fair share of taxes, these proprietors, these small businessmen, these 400,000 unincorporated people, who are paying taxes as individuals, must be shown that those who own corporations are also paying their fair share.

The proposed system contains higher exemptions and rates have been raised to focus the benefit of those exemptions on the lower income groups. As a result the first rate in the schedule will be 21¾ per cent. Therefore, the 21 per cent rate for corporations would be even more unusual under the new system than was the case previously.

Some commentators have suggested that every incorporated business would suddenly face an increase in tax rate from 21 per cent to 50 per cent. This indicates that they have not understood the white paper. It is clearly indicated in the paper that the profits of closely-held corporations would bear tax only at the personal tax rate of the shareholders. In some cases, this would be accomplished by treating the corporation as a partnership, and in other cases by giving shareholders full credit for the tax.

What would this mean in some typical cases of corporations owned by a taxpayer

with $3,000 of exemptions and deductions? This would be a married taxpayer, presumably with no children and with a $3,000 deduction. Suppose it was a really small corporation, with profits of, say $8,000 before the owner's salary, and the owner drew $6,000 in salary and left $2,000 in the corporation. Under the proposed system, the $2,000 would bear tax of 30 per cent instead of 21 per cent, or $600 instead of $420. This represents a difference of $180 for someone with a $8,000 income in the corporation.

If the company earned enough to pay the owner $6,000 in salary and still have $10,000 profit left, the proposal would increase the net tax on the $10,000 to 34 per cent from 21 per cent, or $3,400 instead of $2,100.

The only cases in which the rate would go from 21 per cent to 50 per cent would be cases where the shareholder had other income of $27,000 or more. And may I point out that the 30 per cent rate, the 34 per cent rate and the 50 per cent rate are the same rates as are paid by others with the same income who do not have a corporation.

The government feels that its proposed system is a fairer way of taxing small businesses, by giving the lower rates to shareholders with small incomes, which can file as a partnership, rather than to corporations which may have small incomes but be owned by Canadians with very large incomes. Nevertheless, it recognizes that the proposals represent a significant change. It is for this reason that we have proposed that the change proposed in the paper be phased in over five years.

I should also like to point out that comparing the 21 per cent rate with the 50 per cent rate is not quite fair in the case of closely-held corporations. The 21 per cent rate as it existed was the rate that the corporation paid. The way the money would be taken out of the corporation ultimately was either through the application of section 105 of the Income Tax Act, or through the services of a broker. In the latter case, a tax of 16⅔ per cent was involved, as one found out when taxing people who had gone through dividend strips, and made their claim stick. If the money were taken out through the application of section 105, one would take half of the money out by way of dividends, pay tax on them, and then take the other half out by paying a flat rate of 15 per cent.

So that the effective rate was not 21 per cent. The money was put into the shareholders' hands, but the rate was somewhat closer to 40 per cent or above. The important thing was the postponement of tax, a very advantageous procedure and one that is not justifiable in circumstances where someone is paying a 21 per cent tax on his first tax dollar of income in the future. However, as I said, these three questions I have mentioned are questions on which there has been wide discussion and on which we should like to see discussion in the committee. I am sure we can anticipate lengthy discussion in the committee.

• (12:30 p.m.)

Mr. Wahn: Would the minister permit a question, please?

Mr. Benson: I am just about finished.

The last item I should like to discuss is the increase in personal exemptions. The Leader of the Opposition (Mr. Stanfield) said in Edmonton last week that the really poor in this country do not pay income tax anyway. The proposed exemptions would mean that a single man with an income of $1,500 would be exempt. It would also mean that a married man with two children would be exempt on $3,500. In my opinion, people in these circumstances are relatively poor in Canada. I think it is a step in the right direction to be able to take the 750,000 people in these categories off the tax rolls of our country.

I am not claiming that tax reform is going to solve all of the social problems of our country, the problems of people on low income. Through tax reform the only people you can help are people who pay taxes. The other side of the coin has to be looked at in a review of social welfare schemes and systems in existence within the country. Indeed there is a committee of the cabinet, as you know, considering the Willard Report. They have been looking into this matter and ultimately will produce ideas on this side.

All I have been trying to do here is provide a fair and equitable tax system. We in Government believe that the system proposed is a good one. As I said, it is being put forward as a proposal for discussion, to be brought into study whereby it will be accepted by Canadians as being a good tax system.

Certainly, I can indicate to the committee that my department officials will be pleased to give all the assistance we can in order that the committee of the House of Commons may have hearings which are informed and have

full explanations regarding any problems that may arise from the white paper. I think if all of us work in conjunction with the committee, then we will have acceptable legislation. We can use the proposal as a basis to be adjusted and end up with a tax system in Canada which Canadians will say is more fair and equitable than the present tax system and yet will not stifle the economic growth of our country. Thank you, Mr. Speaker.

Mr. McGrath: Mr. Speaker, would the minister permit a question which is prompted by the presence in the gallery of the distinguished Premier of Newfoundland?

Some hon. Members: Hear, hear.

Mr. McGrath: Mr. Speaker, is the minister aware of the objections and reservations the Premier of Newfoundland has about this white paper? Perhaps while the minister is on his feet he might avail himself of this opportunity to tell the House whether other premiers have expressed similar objections.

Mr. Benson: Mr. Speaker, the only objections that I have had or have seen from government officials are the ones that have been briefly stated in the paper. I do not think we will ever develop a taxation system that will make everybody in Canada happy. I do think by moving through proposals such as we have, with everything to be discussed at public hearings before the committee of this House and the committee of the other place, we can at least receive the opinions of all sorts of people before we finally decide on a new tax system for Canada.

Mr. Wahn: Mr. Speaker, I, too, should like to ask a question arising out of this statement. Is it the intention that Section 105 would continue to be available in respect of surplus amounts accumulated before the effective date of the new legislation? May I ask the minister whether the five year re-evaluation of marketable securities would apply only to individuals who hold marketable securities or also to corporations which hold marketable securities?

Mr. Benson: Mr. Speaker, the hon. member is getting into details with regard to the proposals. I would be pleased to answer the first question dealing with Section 105. It is proposed in the white paper quite clearly that existing surpluses can be cleared by the payment of a flat 15 per cent at times to be chosen by the shareholders and the corporation. So, this would involve Section 105 as modified. This would be easier than Section 105. Under Section 105 as it presently is, you have to pay out half in dividends and 15 per cent on the balance. With the new proposal, one could clear surpluses by the payment of a flat tax of 15 per cent.

In response to the second question, periodic revaluation would apply to corporations as well, but I should like to look into the detail of the particular situation my hon. friend may be thinking of because this is a rather complicated question.

Mr. Gilbert: Mr. Speaker, in view of the minister's concern about the low income groups in the country, and his statement that it is a step in the right direction to increase exemptions to $1,500 for a single man and $3,500 for a married man, I wonder whether he has received any criticism about this increase in the exemptions? If not, will he implement or recommend the implementation of them as of January 1, 1970 to give relief to these low income groups?

Mr. Benson: Mr. Speaker, as soon as the proposals move through the committee we would prepare legislation and go ahead with it. You must remember that these proposals are in a sense designed to raise a similar amount of revenue. If one were to move ahead by simply increasing exemptions, without considering the other proposals with regard to personal income tax, bringing in capital gains and so on, this would mean a cost of a billion dollars. We would have to make more than one change at a time.

I do not think I have received criticism in respect of the exemption, but I have had the question raised in some letters to me as to why we do not go further. The answer is simply that to move up $400 for single people and $800 for married couples costs $1,000 million which has to be raised from other taxpayers through redistribution within the system. It is a matter of opinion as to how far you can go in shifting the burden at a particular time. I think we have made a substantial step.

Mr. Lewis: Is that $1,000 million a year?

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, since I am limited to 40 minutes in speaking to the motion to refer this white paper to the committee, there is time to do no more than touch upon some of the main considerations involved as I see

them. My colleagues will deal with particular aspects in detail and, of course, the committee will have an opportunity to examine the Government proposals point by point together with the alternatives that will be suggested by us and by others. Today I simply want to call the attention of the House to certain matters I consider to be of particular importance.

It should be emphasized at the beginning that the white paper deals with only part of the taxation field. That shortcoming is fundamental. Last winter we protested that the changes then made by the Government in the estate tax field could only be judged in the context of other tax measures, especially income and capital gains tax, and suggested changes which we had not then seen. Likewise today it is not really very sensible and not just to ask Canadians to accept these changes in tax laws that are proposed without knowing what the policy of the Government is with regard to the rest of the taxation field, especially the so-called consumption or sales taxes.

To read the white paper, one would almost think that the provinces and the municipalities did not exist. It is ridiculous to be trying to devise a more equitable taxation system while ignoring for all practical purposes that the provinces and municipalities are also imposing taxes on the same Canadian citizens. The federal government has turned a deaf ear to the demands for consultation on a comprehensive federal-provincial tax system. The minister shakes his head. He is prepared to listen but that is about it.

Mr. Benson: I spent two hours with the minister for Ontario yesterday.

• (12:40 p.m.)

Mr. Stanfield: Until this is achieved, Canada will be a long way from sanity, much less justice, in its tax system. The Canadian citizen will continue to pay a high price for this disorganization and rivalry among the three levels of government. The proposal in this white paper to subject bursaries and scholarships to income taxation will have an obvious effect upon the provinces. It is well known that the federal government is not in the bursary field, despite certain commitments made in the past. The burden for this will fall in large part upon the provincial treasurer who will have to supplement the bursaries accordingly to enable young Canadians to attend school. This will mean, in effect, a transfer of the burden from the federal government to the provincial treasurer.

There are very serious objections to some of the proposals and some of the methods proposed in the white paper. I think some of the defects can easily be corrected, and I hope the government will move to amend its proposals or that the committee will move to amend them right away. For example, I think all Canadians will approve of the intention to bring tax relief to the lower income levels, although the minister's expectation that it will benefit 700,000 or 750,000 Canadians is on the basis of this year's incomes. The minister cannot say how many will be exempt when these laws become effective, say, in 1972 because with the rate of inflation we have the exemption may apply to several hundred thousand fewer Canadians. I suggest that the minister's statement is almost misleading because it is made on the basis of 1969 incomes and is not made on the basis of what incomes might be in 1972.

An hon. Member: 1968.

Mr. Stanfield: 1968 or 1969; it is certainly not on the basis of what might be anticipated in the future.

As an anti-poverty measure, of course, the exemptions are of very limited value. By the time the legislation comes into operation they will be considerably less. Many thousands of Canadians who, on the basis of incomes this year, would be exempt will not be exempt in 1972 as a result of the inflation which is going on today and which by all signs will continue at some rate at least.

The proposal to grant some relief to working parents who must pay for child care is very welcome. Again this does not help the working parents who most need it. I am sure the minister will agree with this. I have in mind those parents who do not pay any income tax at all. I suggest it would be far more equitable for the government to provide what relief it does not in the form of an exemption to the parent, which is the method mentioned. I believe it should be provided entirely in the form of a tax credit which would be of as much value to the relatively low income parents as to the high income parent. This is something to which the committee should give its attention.

What I call attention to is the fact that the proposals in the white paper do not provide sufficiently for parents with dependant children. The answer of the government to this criticism has been that the forthcoming white paper on social welfare will cover this

omission. We will see, and I hope we will have an opportunity to examine these proposals and the new proposals together.

There are many highly technical questions which arise. For example, there is the matter of trusts. I suspect and believe that the authors of the white paper are strikingly oblivious to many of the implications of the proposed taxation changes upon trusts and the receivers of income from trusts. This is something which I am sure the committee will have to examine very carefully. There is every indication that many questions have not even occurred to the authors of this white paper.

I should like to deal now with the extra burden the minister intends to impose on Canadians in the middle income groups. It is on this aspect of the white paper that the minister in the past few weeks has been attempting to pull off what I believe to be one of the greatest "snow jobs" of this or any other century. I think it is obvious that the minister's public relations advisers planned a campaign that is literally incredible and literally unbelievable. Worse still, they have taken the Minister of Finance (Mr. Benson) and made sort of a huckster out of him.

I think the minister would like to think of himself as sort of a Robin Hood. I do not know about that, but many Canadians are beginning to think the minister is some kind of a hood. He is trying to convey the impression that the wealthy will be taxed more heavily than the less wealthy and that the less wealthy will be better off. That is not true. The minister appears on television and talks about the powerful interests which will protest. Who are these powerful interests? The taxpayer who is single and earns more than $4,000 a year will pay more under these proposals. The taxpayer who is married and earns about $9,000 per year and up will pay more. These people will be surprised to find themselves classed by the minister with the powerful interests. They will be quite astonished to hear that the minister thinks they are wealthy if they earn more than $4,000 single or $9,000 married.

Of course any person who thinks, as the minister does, that one can live on $30 a week—

Mr. Benson: I never said that.

Mr. Stanfield: —is bound to think that anybody with $9,000 is rich beyond the dreams of avarice. The minister has since clarified this statement. He really meant that $30 a week could be lived on in certain parts of the country. So much for the government's regional disparity policy.

I believe it is inequitable that those in the general area of $10,000 to $15,000 will, in most cases, be faced with a larger increase in respect of their income tax payments than those in the $25,000, $30,000 or $35,000 a year bracket. At this point I wish to say I do not have one of those evil minds that would dwell for long on the fact that the minister and some of his senior advisers are in that $25,000, $30,000 or $35,000 area—

Mr. Benson: What is your bracket?

Mr. Stanfield: —but I think I should tell the minister confidentially that there are a lot of suspicious people in this country. They think they hear the sound of grinding axes coming from the minister's office. I assure the minister I shall do my utmost to persuade people that this remarkable coincidence is purely accidental. What cannot be accidental, of course, is the attempt by the minister to distort the meaning of the increases because the comparison the minister attempted to draw between his proposals in the white paper and the situation of a taxpayer in the state of New York is, as the minister ought to know by this time, blatantly misleading. New York state has about the highest income tax of any major state. This was mentioned as long ago as the Carter report.

Furthermore, the minister's table took no account of the fact that a substantial tax reduction has been announced in the United States. Apparently the surtax is to be taken off and there is talk at least of further reductions. Finally, the minister's calculations simply omitted to allow for the fact that a number of Canadian provinces have their own income taxes in addition to those proposed here. In other words, he attempted to compare the lowest federal and provincial income tax in Canada with the highest federal and state income tax in the United States, that of the state of New York. I suggest the minister or whoever prepared the white paper—and the minister must accept responsibility for it—is guilty of a cheap manipulation of figures in this regard. This kind of political statistic is useless, and the use of misleading comparisons is offensive to Canadians who try to make a serious analysis of the government's proposals in this white paper.

• 12:50 p.m.

It is my view that the rate of progression is too steep on the personal income tax, and that it is indefensible in the context of the present and proposed tax system to impose a heavier increase on the incomes of the $10,000 to $15,000 a year group than on the higher groups. Furthermore, let me say just for the record that I do not see anything sacred—again, certainly not in the context of the tax system proposed by the minister—about a 50 per cent maximum on the extremely wealthy. The 80 per cent limit would be absurd, particularly in the light of the capital gains tax, but, as I said, I do not see any justification for the rate of progression on the lower and the middle income tax as proposed.

The minister will no doubt talk about the billion dollars in revenue that is being dropped as a result of the increase in the exemptions. Let me point out three ways this loss could be overcome, other than by tax increases. First of all, the loss about which the minister speaks is computed on the basis of 1969 incomes, not 1972 incomes, and when allowance is made for inflation far fewer people will get the benefit of these exemptions or will be totally exempt in 1972. There will be still fewer of them in 1973 and still fewer in 1974. Therefore, the cost of the proposed exemptions will be far less than was suggested, and the minister is using an inflated figure because he is using the 1969 figures.

Mr. Benson: Take a look at the table at page 95.

Mr. Stanfield: I am taking a look at it and those figures are proposed on the basis of 1969 incomes.

Also, when you consider what a given tax structure will produce, and when you consider it in an inflationary context, you have to bear in mind that revenues from federal taxes, particularly income taxes, increase more substantially than the gross national product. In other words, government revenues rise even more than the rate of inflation. If, for example, there is an increase in the year of 5 per cent in the gross national product, the take of this government from the safe level of income taxes is substantially more than 5 per cent. This must be taken into account when one tries to compute what a particular tax structure will in fact produce. The minister has not made any attempt to tell us what that would be, and of course he cannot. But the committee must bear in mind that inflation is here, that it may very well continue, and the committee should by no means agree to the rates that are proposed for the lower and middle income groups on the basis of any information that they have yet received from the minister.

Some hon. Members: Hear, hear.

Mr. Stanfield: Furthermore, the package that he has proposed provides just under $200 million in additional revenue immediately, and some $630 million after it has been in operation for five years, that is a 5.7 per cent increase in rates. In other words, the minister is using this device not only to bring about some reform but also to slip in a little tax increase at the same time, to the extent of $630 million.

Mr. Paproski: Shame.

Mr. Stanfield: So, when the minister speaks about losing a billion dollars, one must put this in the context of inflation and what the incomes are likely to be in 1972. One must put it in the context of the additional revenue that the minister means to collect in any event, some $630 million. It will then become apparent that there is no need to take this crack at Canadians in the lower and middle income brackets.

The minister has not made any case at all, particularly when one considers that these people are now paying substantially higher taxes than are paid in most states. In many cases these middle groups are composed of professional people and middle management groups who will be the leaders in the professions and management in Canada tomorrow, unless they are encouraged to depart to the United States.

As to smaller businesses, it must have been in the start of the life of the just society that somebody decided that smaller businesses do not really count very much. Certainly, there has been an open season on smaller business for the past year or two. The Postmaster General (Mr. Kierans) has added substantially to the cost of doing business. The so-called two level system of corporate taxation has been applied equally to small and large corporations, which is quite unnecessary I agree. Furthermore, I realize it has been subject to some abuses. But to abolish the lower rate in order to prevent abuse, and to end up by crippling many small businesses which in many cases will become the medium business of the future unless they are crippled, displays

a certain intellectual bankruptcy unusual even for this government. This proposal will be very serious for many small corporations.

The minister spoke about the number of unincorporated companies. I agree there are many of them, but on the other hand anyone engaging in small manufacturing or in any company which, like any organization, is likely to develop, is pretty well certain to become incorporated for reasons of limitation of liability, quite apart from any question of taxation.

The government should give an undertaking right away that it will not abolish the two level system until some appropriate alternative is found to help small businesses get under way and to help them compete as well as raise the money they need for expansion. This will also apply, of course, to farmers who are incorporated. It is quite certain that the minister is proposing to seriously reduce the cash flow of small corporations. The two level system must not be abolished until some offsetting provision is devised to try to overcome the bias of the capital market against the small corporation because the small businessman trying to expand cannot go to Wall Street or Bay Street to raise money. I suggest that the government proposal is stupid and we will oppose it as hard as we can until some way is devised to overcome it.

Mr. Deputy Speaker: Order, please. I see it is one o'clock and I do now leave the Chair until 2 p.m.

At one o'clock the house took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Stanfield: Mr. Speaker, when I broke off this morning I was discussing the effect of the white paper proposals on the small corporation. As the minister himself stated, it is not so much a question of a tax differential in the long run. The shareholders of a small corporation that pays a 21 per cent rate are paying a substantially higher tax in the end, and the question really is whether it is sensible to impair the ability of a small corporation to compete, to remain modern and to expand in view of the difficulty that this kind of corporation encounters, generally speaking, in raising money. It does not seem to me to be sensible, Mr. Speaker. It is a definite discouragement and in my opinion will definitely make available a larger percentage of the Canadian market to the large corporation, and make it difficult for the small corporation to compete and develop.

I do not propose to say very much about the proposals regarding natural resource industries. No doubt others will discuss at some length the effect of the white paper proposals on these industries. I believe it is essential that our tax policies encourage the exploration for and development of our natural resources, and that we should be generally competitive with other countries whose natural resources are comparable with ours.

I would just like to say that with regard to the new incentives that are being substituted for the old, I believe that under the new ones there will be less encouragement for the development of resources, of mines, and of oil explorations in the more remote areas. I believe that this change may make it somewhat more difficult for the Minister of Regional Economic Development (Mr. Marchand) to achieve his purpose of reducing economic disparities.

I wish to spend some time this afternoon on the proposed changes relating to capital gains. I want to make it very clear at the outset that I do not oppose a capital gains tax in principle, but I serve notice now, Sir, that unless some important changes are made we will have to fight this proposal in its present form just as vigorously as we know how.

I would like to make four points in connection with the capital gains aspect of the proposals. First, in the present Canadian economic context it is absurd for any government in Canada to contemplate a capital gains tax at the rates proposed, or anything like them, that does not take account of inflation. Indeed I think the committee should consider very carefully the effect upon Canada of having a capital gains tax at rates substantially above those prevailing in the United States.

• (2:10 p.m.)

In recent years we have had an inflationary factor in our economy of some 4 per cent or 5 per cent. There seems to be very little likelihood of any easing in that trend, given the inability of the government to decide on an anti-inflationary policy and to stick with it, and the hapless and rather pathetic gestures of the Minister of Consumer Affairs and Higher Prices. Given the present situation, the government proposal to tax what is simply an inflationary gain, not a gain in real

value but an illusory inflationary gain, surely cannot be defended. I know it is suggested there is no logical distinction between taxing inflated incomes with an income tax rate and a capital gains rate, but I think there is a great difference, Sir. The income tax rate is the rate applied by Parliament each year affecting the income of any given year, whereas the capital gains tax is the tax applied to a change in value which may have accrued over many years. Serious as it may be, inflation automatically involves a reduction in the value of exemptions for income purposes and automatically involves an increase in tax rates. This is something Parliament can deal with each year, whereas a tax on a capital gain that has accrued over the years is in a very different category. So, sir, this is an aspect of the proposals that must be given very serious consideration.

Secondly, the capital gains tax to be imposed should be related to the rest of the tax system from the point of view both of incentives and equity and, especially, it should be related to the estate tax. In other words, the introduction of the capital gains tax should be accompanied by a review of the estate tax structure which was adopted during the last session, and especially the way that structure affects smaller and medium sized estates. May I remind the House that under the new proposals, and even after they were modified they were opposed by every opposition party in the House, the estate tax reaches a level of 50 per cent at the $300,000 estate level, whereas formerly that rate applied to estates of $1,800,000. Furthermore, the $300,000 estates are worth that much less in depreciated currency. This is something that must be investigated. Introduction of a capital gains tax ought to involve a re-examination of our entire estate tax legislation.

Thirdly, the averaging period proposed in the white paper must be examined. It should be extended over a longer period, and the averaging should be a real averaging without the so-called threshold amount—it might be called a strangle hold amount—proposed in the white paper. Unless there is a longer averaging period, farmers and others, for example, who hold assets after a lifetime's work are going to suffer very severe hardships. I would hope that at least the government might consider something in the nature of a moving ten-year average so that a person—say, a farmer in the future, who sells his farm at the age of 65 in order to retire—would not suffer from having kept his farm, thereby possibly deriving a low return on his investment and a small income, over 20 or 30 years. That is practically a lifetime. This will turn out to be a confiscatory rate of tax if the inadequate averaging provisions suggested by the minister are adopted. Indeed, the present proposal of the government may be confiscatory. It may be said that difficulties would be created in lengthening the period; but the government so much as admitted in its white paper that even with the five-year averaging proposal, it will no longer be possible for the ordinary citizen to compute his taxes. They will have to be computed by the tax gatherer. If that is the case—

Mr. Benson: It is not.

Mr. Stanfield: Is the minister shaking his head?

Mr. Benson: It does not have to be so computed. The hon. member could compute his own.

Mr. Stanfield: One could compute one's own tax, but the government recognizes in the white paper that it will no longer be feasible for some taxpayers to do so, Mr. Speaker, because the taxpayer in many cases will have to rely on the tax gatherer in computing taxes. If that is so, then why not make the averaging period as equitable as possible? Why not make it longer, so that the fellow who works an asset like a farm all his life will not get kicked in the teeth at the end of his working life.

Some hon. Members: Hear, hear.

Mr. Stanfield: Fourthly, I wish to state my opposition to what I call the revaluation tax in its present form. I am speaking of the appreciation tax which is to be imposed every five years. If a person owns a piece of real estate or a work of art or some shares in a closely held company, he will pay a capital gains tax if and when he sells those assets and realizes a profit. But if a person has some shares in what is called a widely held corporation, which might be described as the sort of company that is listed on a stock exchange, he not only pays a capital gains tax if and when he sells those shares at a profit but, in addition, every five years he has to pay a tax on one half of the assessed increase in value of those shares he has held and not sold; losses, of course, being deducted. This is actually a value appreciation tax, a tax on capital, a tax on the growth that Canada needs. I say in all sincerity, sir, that no Minister of

Finance has ever made a proposal that would leave future successful Canadian enterprises more vulnerable to United States take-overs.

Some hon. Members: Hear, hear.

Mr. Stanfield: I hope the Minister of Finance does not run into Walter Gordon in a dark alley, because he might not come out. The white paper makes a distinction between shareholders of so-called closely held corporations who are usually closely linked with management of the company, and the general run of shareholders who hold shares in the larger, more widely held corporations and may have no connection at all with management. I understand that distinction; we all do. The difficulty is that the minister has applied the same distinction with respect to those shareholders who, in the larger, more widely held corporations, are connected with management—in order words, the controlling shareholders. The minister has applied standards that may be valid for the general run of shareholders to individuals or groups which control a Canadian corporation, and that is likely to have disastrous effects for this country.

I want to see someone on the government side of the House get up and defend in detail the implications of the confused thinking behind this proposal. If a Canadian, or a group of Canadians, begins a company—a new mine, let us say—and, in order to raise capital and develop the mine he sells shares which are listed on a stock exchange; and if the mine is one of the relatively few successful mines which in the past have strengthened the economy of the country and as a result its shares rise substantially in value over a five-year period, I ask, how is the controlling shareholder, or shareholders, to pay the heavy appreciation tax? Generally, that shareholder will have to sell shares in the company in order to pay the tax, and will thereby risk losing control of the company. If he does not lose control after the first five years when the appreciation tax is imposed, he will very likely lose it after the second five years.

Mr. Woolliams: That is what the minister wants.

Mr. Stanfield: It is difficult to conceive of any proposal that is more absurd on the part of any government that has the slightest interest in maintaining, let alone increasing, Canadian ownership and control of Canadian resources and enterprises. This will also encourage the take-over of closely held corporations, because closely held corporations will not be able to raise capital by listing their shares in the future. They are not going to take that step because it will be irreversible if the white paper proposals are adopted. If they need capital to expand, they are going to sell out rather than enter the trap set by the Minister of Finance.

• (2:20 p.m.)

I am not suggesting the successful Canadian controlled corporations ought not be subject to taxation on realized capital gains. I say it is absurd for a government of Canada, talking about a Canada Development Corporation in order to maintain control of Canadian corporations, to propose a measure which will vastly increase the difficulties of Canadians keeping control of Canadian companies.

The measure proposed by the government will encourage foreign take-overs of Canadian companies, Mr. Speaker. This would not be offset by the establishment of a number of Canada Development Corporations. The minister talked about the "locked-in" provisions. This kind of difficulty applies even to closely held corporations. There is no argument that it applies less to widely held corporations. If there was ever a half-baked proposal to a country concerned about foreign ownership, this is it, Mr. Speaker. This proposal will make it virtually impossible for Canadians to maintain control of successful enterprises, be they mining or manufacturing, and will result in a depreciation of the shares.

There are many other points, Mr. Speaker, but why must the minister apply this capital gains tax to the homes of ordinary Canadians? I understand he does not expect to receive any revenue from this. The result will be that everyone will be snarled up in a lot of red tape.

Some hon. Members: Hear, hear.

Mr. Stanfield: I think the committee should take a good look at that. The minister will forgive me, and the House will understand, that I am not dwelling on those aspects of the white paper that I approve of, although I did mention some. I think we can take it for granted that the members of the government will overcome their natural modesty long enough to draw attention to the good points, perchance even to exaggerate them slightly.

Taken as a whole, the white paper moves in the direction of "disincentives" rather than incentives to Canadians. What comes through loud and clear is that the government is complacent, almost foolishly complacent, in its belief that nothing can stop Canada from achieving its potential economic growth.

Small businesses that are incorporated will be hard hit. People in the low and medium income bracket, who are already at a substantial disadvantage compared to their United States counterparts, are to be put at a greater disadvantage. The more successful a future Canadian enterprise is, the more likely it is that the control will be taken over by some outside corporation because Canadians will have to sell their shares in order to pay the tax the minister proposes to impose, thereby losing control.

A capital gains tax is to be imposed that is considerably more than that of the United States. There is in the white paper a strong "disincentive" to capital formation and reinvestment. There are some "disincentives" that will clearly affect certain regions. If Canada is to grow economically, the main impetus in the context of these proposals in the white paper will not come from Canadians, but from foreign countries. I suppose some people will say "So what else is new?", but I think most Canadians will regret it. They will regret that the government, given an opportunity to develop a tax system that would not only be more equitable, but would help provide a greater opportunity for Canadians to control our own economic growth, failed to do so.

The government can set up the Canada Development Corporation, but I say in all sincerity that 50 Canada Development Corporations would not undo some of the damage and some of the "disincentives" that are contained in this white paper.

Some hon. Members: Hear, hear!

Mr. Stanfield: I have made some suggestions. We will be making other alternative proposals in committee. Our aim will be to relieve some of the inequities that are perpetuated or worsened by this white paper, to eliminate some of the glaring "disincentives" and try to build a tax system that will maximize opportunity for individual Canadians.

I move an amendment, seconded by the hon. member for Peace River (Mr. Baldwin), that the motion be amended by adding the following to it:

—with instructions to develop alternatives to the proposed "disincentives" affecting middle income groups and small businesses in particular, and which increase the vulnerability of Canadian enterprise to foreign take-overs.

Mr. Deputy Speaker: I prefer to take the amendment under advisement in terms of putting it to the House until I have had an opportunity to consult with Mr. Speaker.

Mr. David Lewis (York South): Mr. Speaker, some of the criticisms which the hon. Leader of the Opposition (Mr. Stanfield) has made of the white paper we agree with, but many of the statements he made we do not agree with because of the basic difference of approach to what we are trying to do in and for our country.

The minister emphasized during his speech that this was the most thorough tax revision since the Income War Tax Act was introduced many years ago. I say to the minister that all the greater is the pity that instead of building a genuinely equitable and desirable tax system, he has in major part only tinkered with it and produced something that does not meet the needs of the 1970's and the ideas of equality which the Canadian people now accept.

The minister boasts about the fact that 750,000 people are off the tax rolls. He speaks of it in such a way as to suggest that all of us, particularly the 750,000 who are no longer to pay tax, are to genuflect before him for his immense generosity. I refuse to do that, Mr. Speaker. I think the 750,000 people should have stopped paying taxes years ago and the fact that, belatedly the minister finally made some adjustment that clears them off the tax rolls will not win him a seat in heaven. It may win him a slightly less uncomfortable seat in the other place, but it is nothing to cause us to genuflect before him.

Mr. Benson: You and the Leader of the Opposition will be there with me.

Mr. Lewis: The minister talks about losing $1 billion in the same sentence that he talks about 750,000 people being taken off the tax roll. They were off the payroll before, Mr. Speaker. I do not suggest that he is implying by that that he is losing a billion dollars from these people, but it is important to note, Mr. Speaker, that these 750,000 people who unfairly and unjustly were forced to pay taxes before will account for approximately $30 million of his thousand million dollar loss. This is what the situation is.

Taxation Reform

• (2:30 p.m.)

I want to say on behalf of the New Democratic party that we look on the tax system of Canada as an expression of the social goals which a society seeks at any given time and of the social philosophy and social ethics of that society. We want the tax system to be an example, a reflection, of what we agree to be the proper relationship between the state and its citizens. Who is encouraged by the tax system? Who is rewarded by it? Who retains the power to control the economy; how is the economic power distributed? What are the values which underlie our tax system? These are the criteria by which we think the white paper before us should be measured.

A tax system, it is agreed, should be equitable. This white paper does not propose an equitable income tax structure. A tax system, it is agreed, should be comprehensive so that all the income of a taxpayer is included. This white paper does not provide a comprehensive tax base from that viewpoint. When considering a tax system, all people pay some kind of homage to the proposition that it should redistribute income. This proposed tax structure does not redistribute income; it leaves the lower and lower middle class income groups in a devil of a spot. A tax system in our opinion ought to deal with the income and wealth of a country in such a way as to reduce the power of the large private corporations and redistribute power in such a way as to give the ordinary people a greater say in decisions reached on their behalf and for their future. This white paper does not do this. A tax system, in our view, should be so constructed as to enable the central authorities, both federal and provincial, to do some meaningful spending within the economy and bring about some meaningful planning of the economy to serve socially desirable purposes and to serve the ends of the common people. The paper before us does not do this.

Above all, in our view a tax system ought to be so designed as to encourage provision of funds, where necessary, to provide the public goods and services without which life in modern society is simply not liveable. The white paper does not do this. Indeed, it does the contrary; it encourages the dividend holders and discourages lending to public authorities, federal, provincial and municipal, to enable them to carry on the basic work of the country and to make life liveable for larger numbers of our people.

[Mr. Lewis.]

We have said many times that in a modern society government activities are expanding and will continue to expand. I have said this myself both inside and outside the House, and it is here that I cannot agree with what was said by the Leader of the Opposition (Mr. Stanfield). Whether some hon. members like it or not, I say emphatically that government activities will continue to expand in the future. None of the difficulties facing Canada today—none of them—can be resolved at all if they are left to the private corporate powers in this country. The Minister of Consumer and Corporate Affairs (Mr. Basford) has been flailing around in the polluted atmosphere of price increases—and the Prime Minister (Mr. Trudeau) supported by the Minister of Finance (Mr. Benson) has joined him in this pointless little dance—saying to the corporations: Please be good. The corporations listened—and hiked their prices. The hon. gentleman makes statements here about the need for restraint, to which no one pays any attention. The fact is, these continual increases in price, the pressures of inflation on those with low and fixed incomes, are becoming intolerable and they will not be stopped until federal and provincial governments have the imagination and the courage to take the necessary legislative steps to prevent the gouging corporations from increasing prices. The efforts of hon. gentlemen opposite will continue to fail. All the homilies, all the pleas, will fall on deaf ears in a system in which the maximization of profit is the major consideration. No success will be achieved until government has the courage to step in and control prices directly.

We talk a great deal in this parliament about the need to end regional disparities in Canada. Every one of us says "Amen" when such hopes are mentioned. It is not only unjust and unfair that people in the Atlantic provinces should receive a per capita income so much lower than the national average, but this situation is also one of the major agencies in the promotion of national disunity. It is one of the major causes of disenchantment with the federal government and with Canada as a whole. When this resentment is related, as it is in the Province of Quebec, to issues of language and culture, to legitimate requests and aspirations of the people, the fact that per capita income in the province is so much lower than it is in Ontario, that the rate of growth is so much lower than it is in Ontario, that the general situation is so much worse than it is in a neighbouring province, is

one of the factors which has promoted and is promoting a disenchantment with federalism and has resulted in a real threat to the future unity of our country.

I submit to you, Mr. Speaker, not in any dogmatic way but in a realistic way, that none of these disparities will disappear on a permanent basis if it is left to private corporate enterprise to do the necessary investment and build the necessary industry. Private enterprise has not done anything for the last hundred years because it was not profitable to establish industry in those areas, and it will not do anything for the next hundred years because it will still not be profitable to do so. The only way in which to meet the challenge of the 'seventies, the 'eighties and the years to come is by making a much larger, indeed, a massive infusion of public investment and public ownership in the disadvantaged areas of this country. This might often be done in partnership with private investment and private ownership, but the direction would have to come from public agencies and, primarily, from the federal government. This is the only way to deal with regional inequalities, increasing prices, pollution, urban renewal and all the other issues which face this country.

• (2:40 p.m.)

The need is for more funds, not less, in the hands of the federal government, and more funds in the hands of the provincial governments. A tax system which puts a premium on private ownership as against the development of public goods and services in this country is a reactionary and retrograde tax system. Yet this is exactly what the white paper proposes. This white paper falls short of such criteria which to me seem essential to any decent tax system.

Improvements have been made; no one denies that. Even the Minister of Finance, when setting out to change the present inequitable and deplorable tax system, could not avoid improving it. He started at the very bottom and had nowhere to go but up, so even he could not make it worse. I do not propose to praise him or to thank him for that. He has set out to make the system a better one, but I suggest there are many more things he could have done to make our tax system a really equitable one.

Let me deal with some specifics of the white paper. Everybody agrees that a taxation system should be equitable, and let us look at the equity of the proposed system. Despite the fact that the exemptions have been raised, during the last 20 years, since 1949, the cost of living index has increased by 64 per cent. Yet the increase in exemption is only 40 per cent. This means that the taxpayers are not even in the position they were 20 years ago, let alone having their position improved.

On the whole, exemptions favour those in the upper income brackets. No one has stated this more eloquently than the Minister of Finance did in 1962, when the minister was sitting in opposition. He said, as reported I think at page 1696 of *Hansard,* that an increase in exemptions merely favours those in the higher income brackets and does not benefit those in the lower income brackets. This is always the pattern when you lower or increase the exemptions.

When you increase a single man's exemptions from $1,000 to $1,400, those in the lower income brackets may save $20 or $30, whereas those in the higher income brackets will save $200 or $300.

Mr. Benson: Would the hon. member permit a question? Does he realize that through the adjustment in the rates the people who are going to benefit are those who are single, up to an income of $3,400, and married people up to an income of $9,100. Those earning more will pay more tax. There has been a change in both exemptions and the rate of tax.

Mr. Lewis: I assure the minister that I am aware of what he says, but I contend it is not very helpful to his case. He would have to show me that the entire $200 or $300 saving from the exemption accruing to those in the upper income brackets has been offset by the increase in the tax rates, and it has not, as I will point out in a moment.

I suggest that we do not need exemptions any more. Anyone who has studied modern tax systems realizes that merely increasing exemptions favours those of upper income, not those in the lower income brackets. The Leader of the Opposition will correct me if I am wrong, since I did not make a note of what he said, but he pointed out that working mothers' allowances would favour the wife of an upper or middle income husband who wanted a career for herself, to which of course she is entitled. She would be in a much better position than the wife of a working man who makes $5,000 and pays a much lower rate of income tax. The same is true not only of working mothers' allowances but also of personal exemptions.

I contend that you cannot build an equitable tax system by retaining the traditional, old-fashioned, conservative exemptions, lacking the courage and vision to replace them with a modern system of tax credits which will return money to those people against whom tax should not have been levied.

Losses can also be immensely reduced by a system of tax credits. The minister stated that the government lost $1 billion by raising tax exemptions. According to a calculation we made, though I do not vouch for its validity, if a tax credit system had been applied to every taxpayer of Canada, one third of this $1 billion would have been saved. If tax credits had been applied only against the lower income group, you would probably have saved about two thirds of the loss. I suggest this also stamps the white paper proposals as inequitable.

The most striking inequity in the white paper is the continuation of the double standard of taxation. The white paper proposes to allow a self-employed person to deduct from his taxable income all of his reasonable and legitimate expenses. Although there are many more wage earners and salary earners in this country than persons who are self-employed, they are allowed only a 3 per cent deduction, up to a maximum of $150.

I go further and say that this proposal is a snare and a delusion. I suggest everybody could take advantage of it. It could be used—I do not know whether it will or not—by members of Parliament, who already have a pretty hefty tax free allowance. The maximum of $150 could also be used by every wage and salary earner as a straight addition to the exemption. Where is the sense in this?

Some people incur no expenses with regard to the earning of their income. So why should they be given a further $150 exemption? There are many wage and salary earners, on the other hand, who for years have incurred expenditures much higher than $150 and who will not receive any relief except up to the $150. In all earnestness, I suggest this proposal is not only unfair but to my mind totally immoral. It is setting one standard for the majority of Canadians whose livelihood brings them a salary or wages, and a second standard for the minority of French Canadians who are self-employed or earn their income in some other way.

Mr. McGrath: French Canadians?

Mr. Lewis: Why the different standard?

[Mr. Lewis.]

Mr. Stanfield: It will affect English Canadians too. My hon. friend said French Canadians.

Mr. Lewis: I am sorry I made that slip; I was referring to the minority of Canadians. I was referring to those Canadians who earn their incomes in some other way; I do not know why French Canadians came to my mind.

Some of the tables in the white paper indicate that the increase in taxes up to the $15,000 income level is not inconsiderable, and that when you get to the $20,000 income level the tax increase tapers off down the line. The minister keeps shaking his head. I am aware of his addendum of the capital gains tax and I will come to that in a moment. The application of the 51 per cent maximum means that those in the really high income brackets will be paying $5,000, $6,000 or even $30,000 less tax than they are paying now.

The minister's reply will be that he has now introduced a tax on capital gains, and that when this tax is added to the other tax these people will not pay less tax than they did before. We of this party do not buy that proposition, Mr. Speaker. We believe that the capital gains tax ought to have been on the statute books of Canada many years ago, because a capital gain is but another source of income.

We suggest that just because the minister is going to tax, in our view inadequately, this particular source of income is no excuse for making the tax burden on employment earnings of those whose income is $20,000 or over less heavy than the burden of those earning $15,000 a year or less. If I earn x dollars salary, and for years have also been making x dollars from capital gains which were not taxed, then I see no equitable reason or social justice for reducing my tax on the first part of my income because I am now going to be taxed on the second part of my income, assuming, of course, that I had that kind of income. Why this kind of double standard? We object to that. Therefore, on the basis of equity, this white paper falls to the ground.

• (2:50 p.m.)

There is another thing that has annoyed me about the proposal of the minister, and I want to say a word about that. Why could he not have introduced the goodies in the white paper now? Why does he have to wait until 1971? If they could not be introduced now it was certainly possible for the minister to plan

to make the changes in the spring of next year, during his budget, applicable to the taxation year January 1, 1970 so that the taxpayers who are going to be helped by some little improvements could have benefited in the year 1970. Even if the minister needed some months for study and discussion, he would still have some five or six months between now and the spring of next year. He could have introduced his budget and made these amendments in that budget applicable to the taxation year 1970. Why did he postpone them until 1971?

The hon. Leader of the Opposition said he is not a suspicious person. I must admit that in this case I am suspicious. I had a look at the calendar and I found this result. You produce a white paper in the fall of 1969 and you boast about it until 1971. You introduce these proposals in the budget of 1971, applicable to the tax year 1971. The returns for the tax year 1971 will not be made out until April, 1972, and two months later you have an election.

Some hon. Members: Oh, oh.

Mr. Lewis: That is the timetable of this white paper.

Mr. Benson: Mr. Speaker, on a point of order.

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Béchard): Order, please. The hon. minister is rising on a point of order.

Mr. Benson: On the point of order, I should like to ask a question. If the hon. member and the hon. Leader of the Opposition think the white paper is so damn awful, why do they turn around and say it might be an election document?

Mr. Lewis: Don't let the minister be so obvious and so disingenuous. He has been given a great deal of time on radio and television, and no doubt will be given a great deal more. I am not saying that enviously because the more often he appears the better it is for those who oppose him. He will have a great deal of time to boast about these 750,000 who will no longer be on the tax roll and a great deal of time to boast about the $150 and the allowances for working mothers, but he is leaving it until the election year before making them effective. I think this is pretty shoddy politics, Mr. Speaker. I think to deal with a question such as the reform of the tax system on that kind of carefully calculated timetable is to do an injustice to the people of Canada and to the country.

Even if the minister could not bring his proposals into being earlier, certainly the relief to the poorest in this country, the 750,000 people who have been unfairly and unjustly on the tax roll for years, should come next year and not the year after. That relief should come now.

On November 8, 1962, when the Minister of Finance (Mr. Benson) was in opposition, he made quite a speech about taxation in this country. This was not my leader speaking or the hon. member for Waterloo (Mr. Saltsman), who has often spoken on this matter, or myself, and I have sometimes spoken, but this was Mr. Benson, the same man only now a little corrupted by the power he holds. This is the same man and this is what he said, as recorded at page 1464 of *Hansard* for that year:

> The oil and gas industry as such will contribute very little to the income tax revenue of the federal government even though its gross revenue exceeds $500 million.

Today, that gross revenue is probably much more than that. He went on to say:

> I can think of no other industry in Canada in this favourable position.

Then, he went on to say that what we need for this industry are other things rather than tax concessions. He said, as recorded at page 1464 of *Hansard:*

> It has been claimed that this industry needs further encouragement to find reserves.

This was in 1962 when reserves in Canada were much smaller than they are now. He continued:

> According to figures produced by the Canadian petroleum association at the end of 1961 reserves on hand in Canada amounted to 18.9 year's supply.

Today, these reserves are much higher than that. Later on, he went on to say:

> What we need is more and faster growing markets for petroleum products.

The Minister of Industry, Trade and Commerce (Mr. Pepin) should listen to his colleague in pre-incarnation. He said:

> If we had these we would not need tax concessions to stimulate the search for oil.

All I say is, amen. What was true in 1962 is doubly true in 1969. The minister is merely showing disregard for fairness and equity in this way by continuing the present gas and oil concessions until 1974 and then making

some changes but continuing the privilege none the less.

We think this also makes the white paper inequitable and unjust. In judgment of these concessions to the mining, gas and oil companies he had not only to say what I have read, he also said this:

> I would think the next thing to consider is, who is going to benefit from these tax concessions contained in resolutions 6 to 10? Foreign control and ownership of this industry has been increasing and this legislation, I submit, will do nothing to discourage foreign ownership and encourage Canadian ownership. In this particular type of industry you have to go into the business wholeheartedly and operate in a big way to make a success of oil and gas exploration and development. Permitting other Canadian interests and industries to dabble in this type of activity is no way to ensure the expansion of Canadian investment in this field.

This was the Minister of Finance talking seven years ago. The same thing is true today. The same widespread foreign ownership and control exists today as existed in 1962, and the same foreign multi-national corporations will benefit from the tax concessions which he continues in his white paper. He condemned them then. He has either changed his social outlook for the worse, which I imagine is what has happened, or he has forgotten what he said in 1962, because there is nothing to justify a continuation of these tax concessions amounting to hundreds of millions of dollars a year to foreign owned and foreign controlled corporations at a time when the reserves of oil and gas are already far higher than needed, and when the industry is over-capitalized on almost every basis of calculation or consideration. So, we say that the white paper falls down on the basis of equity on this point as well.

We are very concerned about the fact that there is no limit suggested in the white paper in so far as the deduction of advertising expenses for tax purposes is concerned. We are concerned about that because we are concerned about the total effect of modern advertising in the North American world in particular, and perhaps throughout the world.

• (3:00 p.m.)

We are concerned about the immense power which the corporations now have, not to respond to the market but to control it, not to meet the needs of the people but to create unnecessary wants, not to respond to what the people of this country really need and desire but to distort and pervert the social objectives of society. That is what modern advertising in the large means and does. Yet the corporations will be able to continue spending as much in this field as they like and will have 50 per cent of it paid by the federal treasury. That is what it amounts to, if they deduct it from their income for tax purposes. Then, of course, we the taxpayers take a 50 per cent loss in the federal treasury in respect of the amount the corporations have deducted. I submit that this, too, is an indication of the kind of social philosophy, the sort of social objective which has motivated this government and the Minister of Finance.

If people have heretofore been misled by talk about this government being progressive and small "l" liberal, I hope from now on that because of this white paper, the failure of the government to deal with price increases and the inequitable measures in our tax system, no one will have any illusions about progressivism, small "l" liberalism or anything else worth while in the 1970s in this country. I hope no one in Canada will be fooled by the tendency of the Prime Minister (Mr. Trudeau), repeated again and again by other spokesmen, to talk in generalizations about the need to adapt to change, merely talk instead of action. I hope these things will become clear to the people of this country.

Other members of this party will deal with the capital gains tax and other points on which the white paper displeases us. I do not have sufficient time to do so, except to say we are dissatisfied with the capital gains tax; we think it is inadequate in the circumstances. I will leave this subject to my colleagues, particularly the hon. member for Waterloo (Mr. Saltsman), to deal with in greater detail.

In the time remaining to me I wish to turn to the subject of public versus private goods. I would point out that the white paper continues the practice of promoting and encouraging the creation in this country of private goods and services, of promoting and encouraging the kind of economic development which creates a plethora of unnecessary private goods competing with each other for no other purpose than to make the corporations producing them richer and more powerful. This produces a disincentive in raising the funds that are necessary to provide the public goods and services of this country. A good many people believe in the present order of society because of the talk about the benefit of private enterprise—if it exists—and of free enterprise, which I know does not exist in the modern economy.

Let me say to these people in all seriousness that in our modern system, life would not be livable were it not for the public goods and services created, the public housing and urban renewal, the planned cities which make life liveable in the megalopolies that we now have and the opportunity of young people to find a useful, meaningful and creative life which depends on education at all levels. All these things, and many more, will not be created by private corporations and will not be created by private goods. They can be created only if the federal government, provincial governments and municipal governments can find the funds to promote, initiate and develop plans in all those fields. That to me seems to be elementary in our present society. One does not have to be a dogmatic socialist or anything else to recognize this fact. One does not have to rely on lengthy doctrines in order to recognize that in our modern society the money, goods and services that people require in order to live a life that has any quality at all, depend on public investment, public initiative and public ownership.

Yet what does this white paper do for us? The white paper and the Minister of Finance who produced it make sure that those who hold shares and clip dividend coupons will have concessions but those who may be encouraged to invest in bonds or securities of federal, provincial or municipal governments will have no concessions at all. The entire white paper is pointed in the direction of equity share capital to make the bond market much more difficult in the future, and in the direction of increasing interest rates. This makes it more and more difficult for the government of this country to carry out its duties without mortgaging future generations for years and years at ever higher rates of interest.

This is a perversion of the social needs of a modern society; this is a betrayal of the social needs of a modern society. A tax system ought to make it as easy as possible for governments to raise their funds at the lowest possible interest rates, instead of placing roadblocks in the way of federal, provincial and municipal governments obtaining the funds for these essential services and goods for which they are responsible in our society.

Mr. Speaker, as I have only another minute I shall conclude by saying briefly, if I can put it adequately, that to me this White Paper merely reflects the determination of this government to encourage foreign ownership and control of the economy in the same way the government has encouraged it until now. The continentalists are all on the treasury benches. This White Paper reflects a determination by the government to do nothing to reduce either the competition or the power of the rich and the powerful. It reflect a reactionary attitude toward modern society in the government is not concerned at all with equality in the condition of life of the Canadian people. The government would seem to be concerned only with making sure that their friends, if they are a little angry, are not angry enough to stop giving the support which they require in order to continue in power.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to have the opportunity to say what I have in mind about the White Paper.

Mr. Speaker, the so-called White Paper has turned red. I do not know why, but I think it is from shame due to the tax increase, particularly on capital gains.

We have a lot of things to say about the White Paper which will put our economy further off balance as a result of tax increases and higher interest rates, and as a result of the exaggerated profits that some financial institutions realize, which while degrading the population brings unparalleled prosperity to these institutions.

• (3:10 p.m.)

We have no time to suggest alternative solutions to replace the findings of the report. However, we realize that there is a need for constant fiscal study and reform of our present system, to alloy its injustices.

The Carter Commission rendered a great service by accomplishing its task. We consider that a fiscal reform should immediately challenge abuses and eliminate the injustices which result therefrom.

That is what the White Paper should have done. But taxes are levied on a sector of the population that does not have enough money to cope with its needs and to balance family, city, school and provincial budgets.

The report does not speak well of the authorities insofar as the tax reforms of the last few years are concerned. The persistency of that outlook requires from the government unceasing concern and effort. It must see to it that the public has confidence in the tax

system and that all taxpayers are treated fairly.

I would like to express the grievances of the Ralliement créditiste against the present system. We talk about reform, but what the White Paper proposes is not reform, it is a distortion of our economy, a distortion which will make it increasingly difficult for our Canadian citizens to reach their goal in life and to secure a decent well-being in an immeasurably rich country.

I would like to find the root of the evil, to determine the main causes of the economic crisis that has arisen, because tax increases undermine the morale of the people and unfortunately lead them to dishonesty.

Several citizens, business men and professional people betray their conscience to keep their standing, because they are too heavily taxed.

Why criticize and denounce the present financial system? Simply because it does not play its role which is to finance the production of goods and services, as well as their fair distribution to all the people and not only to a small number of them who make money through taxes and higher interest rates. It is in this way that big institutions get richer in Canada and the measures we take contribute only to increase substantially their assets.

Why does not the present financial system play its part? Because public and private assets are perfectly realizable but certainly not under the present financial system. Many physical assets are realizable now but we cannot develop them due to credit restrictions and to excessive rates of interest. Such a situation delays progress and paralyzes even more the economy, while unbalancing it further.

Production is impossible in many cases because it is not financed. However, the necessary goods and services are offered to the people who cannot get them because the financial system does not subsidize consumption. This is undeniable.

In fact, how is production or consumption financed? Through various means. It may be metal or paper money, legalized money or cheques drawn on bank accounts. From where do such means get their value? From where does financial credit get its value?

It is worth its true credit value, that is the productivity of a country. Money, whatever the type of currency, has some value only because countries can produce goods and services to meet the demand of the population. A country's productivity is the real credit through which it is hoped to obtain the goods and services necessary to the well-being of the population.

However, that is not the case in this country. We have everything we need. Available to us are all the proper techniques to further our development and the prosperity of individuals in Canada, nevertheless, we follow another course because we flatly refuse to apply the main regulators that could balance our economy on a continual and permanent basis, so as to satisfy our people who ask nothing but to work.

Our present financial system precludes any progress. It annihilates all these advantages and puts an end to the building industry. Whole families, large families sometimes, live in two or three room dwellings. This is illogical in a country like Canada which has everything to build and to enlarge houses so that these families can be properly accommodated. The restriction of credit, which was made necessary by inflation, and the increase in interest rate, which is said to be satisfactory and able to regulate our economy, are injustifiable measure because it is the exact opposite which is necessary. And if we have now an increase in the cost of living while faced with inflation, it is precisely because of an increase in the interest rate which has no precedent.

• (3:20 p.m.)

So, we speak of national production which does not mean nationalized production. It is the general productivity that must ensure every citizen the means to satisfy all his essential needs.

Who owns the financial credit? Nowadays, it is those who take advantage of the raise in interest rates to increase their fortune. Originally, the financial credit belongs to the community in the same capacity as the real credit from which its value is derived. It is a collective asset which must profit to each and everyone in one way or another, without restriction. Like the real credit, the financial credit is, by its very nature, a social credit, that is a credit based on life and society.

Is it possible to get from the general economy of a country all the financial credit so that each individual may be able to control himself the production of goods and services he must have to meet his essential needs? My answer, without any hesitation is yes. But under our economic system, this is impossible

because it is contrary to common sense and social thinking.

It would be possible provided that the actual credit could be adapted without violence to the actual situation. Our financial system should reflect the capacity to produce instead of opposing it, should speed up distribution instead of containing it, should serve man for purposes of fulfillment and not of frustration.

At the present time, we know only of frustrations. Economically speaking, we have never known a balanced system and we have always experienced recessions and wars. We have never recognized the individual as a component of any society or economy. Any economy should be based upon the family and the human being, and unless we follow this principle, our efforts will not be successful. This is one of the reasons why we experience disasters, revolutions, strikes and discontent in every field to such a degree that any progress has become impossible. In fact, interest rates are so high that they have turned out to be an odious exploitation of the people.

Credit costs but a few drops of sweat and ink to those who create it and exploit people by charging excessive rates of interest on credit created out of nothing and which is based on nothing. There is no consideration for the needs of the people but only for the confidence financial institutions may have in someone. No consideration is given either to the economic factors that Canada can offer to sell to Canadians the services they need.

All democratic parties recognize man's political rights but ignore his economic ones. That is just what we are doing now. Every individual's economic rights are totally disregarded. The economic rights of a few individuals only are recognized and in a few minutes I shall quote statistics in this regard.

Let us not be too surprised at the fact that experts on the current economic situation are different from us. Their views are "superterrestrial". They sail on lunar orbits, from where they criticize everything on this poor planet, except our splendid financial system, which is the quintessence of a deranged civilization. They find it very difficult to distinguish between the capacity to produce, sell, eat and pay, just like those who can barely see the difference between the ability to think and to flatter.

I submit my proposals should be accepted by at least a great number of the people or by many hon. members who are elected, in my view, to serve the people and not merely to exploit them. As a matter of fact, everyone will agree that the financial system should be made to serve the people and not merely a few individuals who exploit the rest of the people. I would like to describe the chronic disease of the financial system: the madness of indebtedness, prices and full employment, and of accepted inflation. We are all involved in this madness and some of us are aware of it. We can hardly realize that we are involved in one of the greatest economic aberrations in the course of history.

The financial system is out of gear. It is obvious to everybody except, apparently, to those who keep it going and thereby enjoy a number of privileges. Maybe they realize the system is all topsy-turvy and cannot be corrected; and that is why they are proud to rule the world.

The people of the top I have just described know that the system did not create itself and that it is not just anybody who can manage it.

When you talk about taxes, you talk about finance. And when you talk about money or financial credit you talk, roughly speaking, of about 90 per cent of today's money, money that the banks have created out of nothing.

• (3:30 p.m.)

You cannot create money out of nothing, it does not grow on trees, as stated more than once by the various Ministers of Finance, even though they do not seem to know where it comes from. But they know that financial credit does not come and go all by itself. So if it leaves debts behind, it is not just by accident; it is because it can only be in circulation by means of a debt machinery invented and conditioned by men. Not by hon. members, nor by me, nor even by the Minister of Finance, but by citizens much above him, by citizens who have the power to tell the Minister of Finance what they want and what they want him to do, that is, those who control credit. That is the reason for the wild increase in taxes.

Developments are the admirable work of brains, and brawn and courageous hearts; but as that wealth is created, those who control money and credit, high-class parasites, sink the producers of wealth into debt, which means that the wealthier the country becomes, the more indebted it is. Does that not indicate insanity beyond words, due to the inefficiency of the system and the astuteness of those who control it? Even though

they may not want, deliberately, some of the results of the system, they derive enough power from it to persist in maintaining it, and enough profits to be able to corrupt those in influential places.

I have spoken about the insanity in prices due to the increase in the rates of interest. When we speak of prices, we do not speak of goods or services, for they constitute real wealth, the fruit of the economic activity.

Indeed, prices are only one of the financial aspects of the economic system; they are no more than an assessment, expressed in figures.

There are citizens who benefit from the labour of the pioneers. To give you proof of this, I shall demonstrate that here in Canada, although there is unemployment, we contribute, through technology, to increase our production to a marked extent.

Thanks to technology, and in spite of the reduction in the labour force, we increase our production which amounted to $72 billion in 1969, while consumption amounted to $44 billion, and capital investments to $28 billion.

Since consumption equals the production, if consumption in Canada amounted to $44 billion and production to $72 billion, the total price consumers should pay for that production should be $44 billion. The balance represents a surplus.

If we have surpluses in Canada, they should be distributed to the people. So, we should not create inflation by increasing the interest rate and the salaries of professional people, as this gives rise to an increase in the cost of living.

To solve this problem, consumption should reach $72 billion instead of $40 billion, even if we have $28 billion difference which had to be distributed as a compensatory discount on prices, instead of creating new taxes or increasing the old ones, as the minister is now suggesting.

In so doing we would act as competent economists anxious to help the people, to meet the needs of all Canadians rather than to exploit them shamelessly as it is the case at present.

The White Paper recommends to tax capital gains because it is impossible to tax more heavily the small wage earners who already have reached the point when they have to borrow money to live.

Taxing the low or middle income taxpayer is no longer possible because both are facing bankruptcy. But steps are contemplated to

[Mr. Latulippe.]

tax the small business which survived painfully with loans, to tax debts on debts, and taxes on taxes, because we are unable to find other solutions.

What should be taxed is capital gains and hidden profits. At the present time, preparations are made to tax even more the middle income group, but those who go too far, who pile up reserves of all kinds, will not be further affected.

To support my claims, I would like to give you statistics covering a number of years, namely from 1957 to 1966. In my opinion, it is appropriate to say that the big businesses make profits thanks to our present financial system. Those who, directly or indirectly, capitalize make a great deal of money that is never taxed. To me, the White Paper does not provide for the adoption of harsh enough measures against those who make considerable profits.

For instance, in 1957, the profits claimed by the major financial institutions totalled $3,056 million, while the hidden profits amounted to $7,335 million. In 1958, the profits claimed amounted to $3,075 million and the hidden profits to $6,975 million.

• (3:40 p.m.)

In those ten years large corporations and financial institutions have declared total profits of $45,112 million for tax purposes and failed to declare profits of $96,050 million.

If these corporations and institutions are so wealthy, it is because governments accumulate debts and deficits and because the people who work for such companies live from day to day and lack bare essentials.

However, these businesses are only tools of production or administration of goods and services, material intellectual or spiritual, to meet the needs of the human beings who make up our nation.

In order to show clearly and throw the light again on what has been done by our financial institutions in the past 12 months, I shall give some statistics. There are many institutions, but I shall speak mostly about financial institutions because they are the most important.

The assets of Canada's nine chartered banks went up from $33,677,990,000 on July 31, 1968 to $40,325,792,000 on July 31, 1969—an increase of $6,647,802,000.

This increase in assets represents double the total number of notes issued by the Bank of Canada in the last 35 years, or $3,287,000,000.

The seven English chartered banks alone have total assets 3.3 times greater than those of the two French-Canadian banks, the Banque Canadienne Nationale and the Banque Provinciale, whose total assets of $2,350 million are only approximately 6 per cent of total assets of $40,325 million and this, for 28 per cent of the population of Canada. We are certainly far from making any headway.

According to me, the chief trouble lies in the fact that our French-Canadian banks have not yet caught on to the game of issuing currency through loans on notes or bonds to individuals or to institutions, or have not started playing it in time.

These statistics clearly show that chartered banks are empowered to issue credit money to the extent of twelve times the amount of notes issued by the Bank of Canada. This of course has an impact on the development of industrial, agricultural and financial activities in Canada.

It is not that the banking system is despicable in general, but it must be appreciated and better known in order to get the best out of it for ourselves and for Canada.

When one looks at the part played by the presidents and directors of the seven English banks in the large Canadian institutions, such as companies, trusts, universities and hospitals, it is a pity to see the part played by the directors of our two French-Canadian banks.

If through finance and mass production English-speaking people have dominated the Canadian scene since the turn of the century, we still have to balance our national economy by demanding that the right to live of every citizen whether he be without work, without a capital, without a personal income, be recognized.

Then, in a democratic system, capitalizing is desirable, and various institutions should be allowed to make huge profits, but it is also essential that Canadian citizens be able to live a decent life.

I read the following in yesterday's *La Presse*:

> The White Paper Drives a Company Out of Quebec
>
> Some provisions contained in the White Paper on Taxation have prompted a mining company, the Asbestos Corporation Ltd., to review its plans in connection with the operation of an asbestos deposit of the Ungava peninsula, in New Quebec.
>
> And it is in Belgium that the company expects from now on to invest $13 to $14 million with a view to setting up a plant to process asbestos extracted in New Quebec.
>
> Mr. I. C. Campbell, vice-president and secretary-treasurer of the company, who confirmed that the original plans for the development of New Quebec included the construction on the spot of a processing plant, specified that two of the measures recently proposed by Mr. Benson concerning the mining industry made the carrying out of the whole project prohibitive.
>
> Asbestos Corporation of Thetford Mines had already announced that following its exploration work in New Quebec, it intended to develop an interesting asbestos deposit in the area of Deception Bay.
>
> According to the original plans, that development was to be done in conjunction with the setting up of a plant for the processing of the product and would entail the creation of a quite costly urban complex, due to the climatic conditions and the distance factor which must be taken into account for the implementation of such a project.
>
> However, the company had deferred making a decision until the White Paper was published. The proposal to abolish the tax exemption granted to new mines in the first three years of operation and the proposal to apply new conditions to depletion premiums would, according to the vice-president of Asbestos Corporation, make the proposed undertaking unprofitable.

One of the main faults of the White Paper is to impose a capital gains tax.

I would have much more to say but before concluding, I would like to deal briefly with a brief submitted by the Canadian Association of Insurance Companies to the Minister of Finance. It is an economic and financial evaluation. On page 12, one can read the following:

> It does not seem fair that the most important chance gains resulting from the reform would favour the status quo—except in the fields of mining, oil and life insurance. The corporations that would benefit most from the implementation of the proposed system would be the medium-sized and smaller ones, engaged mainly in operations in Canada and having at their disposal a sound capital stock quoted on the Stock Exchange. Big resident and non-resident investors would make a substantial windfall on the stocks and shares market.

This means that only companies with a large capital stock will be able to survive, while small privately owned companies or companies with indirect capital or borrowing money will not be able to hold out. This is what this report says.

The repercussions would seem unfair to two groups in the low income bracket: young couples who are just settling down and the older citizens who are retired or dependent on someone. Due to the increase in the interest rate on loans, the increase in rents will seriously affect the young couples—

The Acting Speaker (Mr. Béchard): Order, please. I am sorry to interrupt the hon.

member but his time has expired unless he has the unanimous consent of the House to continue.

Mr. Latulippe: Mr. Speaker, I would not want to take too much time. But I would have several more things to say.

The Acting Speaker (Mr. Béchard): Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: No.

The Acting Speaker (Mr. Béchard): I am sorry but there is not unanimous consent.

[*English*]

Some hon. Members: No.

Mr. Baldwin: Maybe at another time.

Mr. Robert P. Kaplan (Don Valley): In the few weeks since the white paper on tax reform was published, Mr. Speaker, it has received very wide attention. It is significant, and perhaps it is a good sign, that no class of taxpayer is jumping for joy about it. Taxation is not a popular government activity, and tax reform is perhaps only a little less unpopular than taxation itself.

• (3:50 p.m.)

One of the most disappointed groups is the one which had hoped that the highest priority would be given by the government to the promotion of economic growth, the encouragement of saving, investment and reinvestment, the development of the Canadian economy and increased reward for success in business. This is the group whose complaints, after some initial expressions of satisfaction or at least of relief, are beginning to dominate the nation's financial pages. I would like to direct myself to the issues being raised by this group.

What I have to say at this time, Mr. Speaker, should be taken as preliminary, because as a member of the special committee which will be receiving the white paper for review I shall be looking forward to the widest possible public reaction and comment before coming to final conclusions. By this statement I hope to indicate the frame of reference in which at least one committee member will be expecting public discussion by business interests to fall.

Much could be said for a white paper which puts economic stimulus first. Something could be said for imposing an increased burden on the mass of taxpayers to help remove some of the purchasing power which may be accelerating inflation. Such a priority would be related to the promotion of economic well-being. But while the first of these objectiveness has clearly received considerable attention in a way which I would like to review, neither of these goals has been the main one. The main goal has obviously been the instant relief afforded 750,000 Canadians who have been taxed in the past and who are living in poverty. This group has not only been paying income tax and more than its fair share of sales tax but it has been paying, more than any other segment of society, the cruel tax which is represented by inflation. Our poorest citizens are those who are most exposed to inflation because they cannot easily bargain for increases in the way that unionized workers and primary industries like the nickel industry can do as their own costs rise.

The highest priority has been given to the poor people's needs for some justice out of the tax system. Some have complained about the white paper on the ground that it would reduce savings by half a billion dollars a year and would stimulate an inflationary pressure for consumer goods. I cannot be too sympathetic toward this complaint, because these critics are simply recognizing the fact that when poor people obtain tax relief they use their tax savings to buy better food, clothing and shelter. They do not use their tax savings to buy Canada Savings Bonds or stocks, or to open small businesses.

If their obvious economic choice tends to work against the goal of encouraging saving and of economic growth, and is inflationary, I think we just have to live with that, because we should not tolerate a tax system which adds another burden on those who live in poverty. Having said this, I would like to add that some critics on the other side have missed the point that a taxing statute can go only so far in the relief of poverty. Poverty cannot be eliminated by mere tax reform; other social measures are required to finish the job. To criticize this proposal for failing to do more is like criticizing it for failing to lower the voting age. It just is not the right tool to do the job most efficiently. In this connection, we have to wait for the white paper on social assistance which is promised by the Minister of National Health and Welfare (Mr. Munro).

While the bringing of tax relief to people living in poverty was of the highest priority,

it has obviously also been kept in mind that income tax is imposed in order to raise revenue, and revenue that is lost must be replaced. This fact was lost sight of by the hon. member for York South (Mr. Lewis) and by his hon. friend for Broadview (Mr. Gilbert) when they suggested that provisions to relieve poverty ought to be introduced right away. Similar problems are now being encountered in the United States. Some very interesting tax relief measures have been introduced in the United States lately, but the over-all tax base has been reduced without thought to the importance of maintaining government revenues. This irresponsible attitude on the part of legislators was criticized in yesterday's New York *Times*. While American problems are different from ours, I think it would be useful if I read a few sentences from this very relevant editorial. It reads in part.

> What Congress never likes to think about in such bursts of generosity is the expensive and lengthy agenda of unmet national needs clamouring for governmental attention and action. Hundreds of billions of dollars are required in the next decade or so to do what is even minimally essential in rebuilding the nation's cities, cleaning up the polluted air and slowing down, if not actually reversing, the forces that are converting the nation's rivers and lakes into open sewers.
>
> On every side the American people are surrounded by dismaying evidence of urgent and unsatisfied priority requirements which can be met only by large-scale government expenditure dwarfing any in the nation's history. These needs are so great that even an end to the Viet Nam war, if it comes soon, will not free nearly enough money for the tasks ahead.

I think therefore, that the question which businessmen should be asking themselves is not simply what the government can do in the way of tax reform to encourage the development of a bigger gross national product so there will be more for all of us, but how can we do that while meeting the tax bill for an extra half billion dollars a year, which will result from the sweeping proposal for tax relief at the bottom of the income scale.

One way of filling the gap is by eliminating the unequal tax treatment of individuals who are basically in the same economic circumstances. The man whose economic well-being is derived from capital appreciation is put in the same boat as the man whose income comes from his employment. The man who has been able to shield his income in a corporation is put in the same position as one who could not or did not do so. The man and woman, particularly the working woman—

Mr. Speaker: Order, please. I regret I have to interrupt the hon. member, but we are approaching four o'clock and before proceeding further with this measure I thought I should bring to the notice of hon. members that I have had an opportunity to study the amendment proposed to the House by the Leader of the Opposition (Mr. Stanfield) and seconded by the hon. member for Peace River (Mr. Baldwin).

The hon. member for Peace River has been informed through the usual channels that the Chair has serious reservations about the admissibility of this motion, on procedural grounds. It should not be debated for some time and then ruled out of order, so I think a decision should be made one way or another at this time and the hon. member for Peace River should have an opportunity to make a case before any ruling is made. In fairness to all concerned, I invite the hon. member for Peace River to indicate his views on the question. I am sure he is aware of the difficulties in connection with the amendment.

Mr. G. W. Baldwin (Peace River): In addition to the fact that I seconded the amendment, Mr. Speaker, there are other reasons for its validity. I call to Your Honour's attention, first, the provisions of Standing Order 68 which are to be found at page 71. That Standing Order provides that standing committees shall be empowered to examine and inquire into all matters referred to it by the House, and to report from time to time. Your Honour is well aware of that rule, and we start on this basis. While the motion standing in the name of the Minister of Finance (Mr. Benson) does not mention anything about a report, the right to report is inherent; it is possessed by all committees by virtue of this standing order.

• (4:00 p.m.)

The report that the committee is being directed to examine is that referred to by the terms of the motion of the Minister of Finance, which reads:

> That the white paper entitled Proposals for Tax Reform, tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Therefore, Mr. Speaker, I suggest you must read into that the words "and that the committee do report to the House in respect of this particular term of reference." What is the committee going to report? Is it going to report that we have examined this 91 page document; that the committee has looked into

the whole lousy can of worms, if I may use that expression; that the members of the committee like what they see and that they have certain recommendations to make? I think Your Honour can take some parliamentary notice of what the Minister of Finance has been saying in various parts of the country, which is something to this effect, "We are going to have everybody look at this white paper. We will send it to a parliamentary committee. We will be to some extent guided by what the committee may say about it. We will also refer it to other people in the country".

In other words, the Minister of Finance is saying, "Here is a paper. Take it, look at it, chew on it, and come back with some recommendations." I have given the Minister of Finance more credit than he is entitled to; I note the motion is in the name of the President of the Privy Council (Mr. Macdonald), not the Minister of Finance.

Consequently, when considering the white paper we, Her Majesty's Loyal Opposition, say there are some things in it which we like. Perhaps it is medicine which the country must take to pay for some of the stupid, past actions of the government. We may say that certain tax changes should be made. But with respect to certain parts of the white paper, we say that there are not the incentives which should be the founding and basic motive of any tax proposal, but there are disincentives.

As an aside, let me say I think we have had enough of this government instructing committees to do things. We think it is about time the House of Commons instructed some committees, and we say we should instruct this committee to develop alternatives to those proposals which are disincentives. We are not contending that the committee should be instructed to develop alternatives to the white paper—God forbid! We are saying the committee should be given instructions to develop, and I presume to report to the House, alternatives to some of the proposals which, in our opinion, constitute disincentives.

I am not allowed to enlarge on this argument. In any event, the Leader of the Opposition (Mr. Stanfield) made a tremendous case and established beyond any measure of doubt, except for those who are partisan, that there are disincentives in the white paper. Under these circumstances, I submit that what we are doing falls within the provisions of citation 201 of Beauchesne, which reads:

> The object of an amendment may be to effect such an alteration in a question as will obtain the support of those who, without such alteration, must either vote against it or abstain from voting thereon.—

Speaking for myself, I would have the greatest difficulty voting for the motion, because in the absence of some instructions to the committee I fear the reference of the white paper may well be a waste of time. I would be far more inclined to vote for the motion than I am at the present time if there were added to it an instruction to the committee to develop some alternatives. I suggest we must read into the amendment an instruction to the committee to put forward in its report to the House some alternatives to the proposals contained in the white paper.

If a simple, ordinary, harmless amendment of this nature falls beyond the scope permitted hon. members of this House in dealing with a proposal by the government to send a document to a committee for consideration and report, then there is really very little we can do at all. There are a number of citations dealing with this point, but I am sure Your Honour has looked at them. I suggest to Your Honour that we are brought squarely within the ambit of citation 201. We are offering an amendment which will make this proposition far more palatable to the members of our party.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I find myself at a disadvantage. Although Your Honour did indicate you had some reservations, you did not say in which area you might find the amendment repugnant to the rules. I am sure Your Honour would not expect hon. members to argue in a vacuum, or to try to cover the whole spectrum in the hope that some of the objections they raise might anticipate some of Your Honour's reasoning. I have some difficulty understanding what the objection is here. Is Your Honour bothered about whether it is a substantive motion requiring notice? I am not, of course, questioning Your Honour—

Mr. Speaker: Order. I might intervene to tell the hon. member that there are a number of things that I thought might be doubtful in connection with the amendment. However, the hon. member for Peace River, who is an expert on the procedures of the House of Commons, put his finger on the difficulty and without question went straight to the point and put forward an argument in support of the acceptability of the amendment. In doing so he argued exactly the point about which I do have some reservations. If the hon.

member would pursue the type of argument that was made by the hon. member for Peace River, it would be helpful to the Chair.

Mr. Lambert (Edmonton West): I thought we had zeroed in on the right point, Mr. Speaker. I submit that the amendment is correct in form, in that it is reasoned and does modify the original proposal. It is not negative in the sense of being a double negative. Therefore, I think in form the amendment is in order. As to whether it is a substantive matter, something that is new, again I strongly support the argument of my colleague from Peace River. The rule imposes an obligation upon the committee. I think we must interpret rules as having some purpose behind them. The rule in question here says that the committee shall be empowered to consider and to report. The purpose of the committee is to report on the white paper. If I may follow some of the suggestions made by my colleague, if that were not the purpose one could say the committee could take the report and flush it down the drain.

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): But that is going from the sublime to the ridiculous and is well beyond a reasonable approach. I put it to Your Honour that the purpose of this rule must be effected.

• (4:10 p.m.)

If anything else was meant by rule 65(8) and the motion of the President of the Privy Council (Mr. Macdonald) that the committee should consider the white paper and then report its recommendations to the House, some other direction would have to be given. If the government had included the direction that the committee should hear witnesses, that part of the motion would be redundant because the committee is already empowered by the rule—in fact, directed by the rule—to do these things, and how to conduct itself. That has been our practice, and this is our understanding of the rule. This is the only effective way the rule can function.

The white paper shall be referred to the committee, which shall consider and report. It may call witnesses and it may make recommendations. It could merely report, but in so doing I would say it would be putting the House in the almost ridiculous position of directing a committee to consider certain aspects and then report and, if it sees fit, to make recommendations.

If it is open to this House to give these directions, I say to Your Honour that it is open to any member of the House to bring forward an amendment within reasonable terms, that is, it must be relevant to the motion, and so forth. Therefore, this motion is quite in order; otherwise, I put it to Your Honour that there is no sensible way in which a motion referring any matter to a committee could be amended. We would then come to the ultimate position that such motions are unamendable by this House. I do not think that is the proper interpretation of the rule or its intent. Not must we give effect to the letter of the rule, but we must give effect to its intention. I submit that on these grounds the amendment is completely in order.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I should like to make a few comments in respect of the motion. I hope to be as helpful to the Chair as others who have commented on it. Order No. 32 listed under Government Orders on today's Order Paper reads as follows:

> That the white paper entitled Proposals for Tax Reform, tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

That is the broadest kind of resolution, designed to place a government proposal in the hands of a committee with the broadest possible opportunity to examine every aspect of it, to call witnesses and to report upon the proposal in any way it sees fit. As I understand the amendment of the Leader of the Opposition (Mr. Stanfield), if it were to pass the motion would read: "That the white paper be referred to the Standing Committee on Finance, Trade and Economic Affairs with instructions to develop alternatives to the proposed disincentives affecting middle income groups and small businesses in particular, and which increase the vulnerability of Canadian enterprise to foreign take-overs.

This is a restrictive amendment which reduces the function of the original motion to an examination of the white paper for a certain specific purpose. The amendment does not carry out the intention of the original motion and, in fact, changes it to something quite different, that is, a restricted examination of some aspects of the white paper.

If I understand the purpose of today's debate following the very general motion of the minister, it is to give all members of this House an opportunity to advise the House of Commons, and specifically the members of

the committee, what they think of the proposals in the white paper, and to advise as to the areas that should be looked at when the committee is in session. This was done by the Leader of the Opposition today when he made his speech. He spoke of some aspects of the white paper of which he disapproved. Presumably, the members of his party who will sit on the committee were listening to him and taking notice of the points he was making.

It is my submission that when we refer a white paper of this kind to a committee for examination, it is never our intention as members of the House of Commons to place restrictions on the way in which that white paper should be examined, or to narrow the examination of the policies set forth in the white paper. The intention is that each member of the House, no matter whether he sits on that side or on this side, should be free and unfettered to attend the committee, investigate every aspect of the white paper and report upon it in the best way possible.

If hon. members opposite had faith in their own members of the committee, having told them in this House what their views are they would find an excellent report coming back from the committee. I do not suppose it was really the intention of the Leader of the Opposition to restrict his members in the work they do on the committee. I suggest that for these reasons the amendment does not add to what we are doing here, but rather detracts from it.

Mr. Baldwin: Mr. Speaker, could I ask the hon. member a question? Would the hon. member agree that it would be the right of any member of the committee to move a motion along the lines contained within the four corners of the amendment moved by the Leader of the Opposition?

Mr. Deachman: I certainly think it would be a right. Having listened to the views of hon. members opposite, I am sure those members of the hon. gentleman's party who are interested in moving such a motion will do so in the committee. Why should hon. members opposite who will attend the committee meetings be given this kind of restrictive instruction to—

Mr. Speaker: Order, please. That aspect of the debate might be pursued in the committee. I think at the moment we should limit our discussion specifically to the procedural aspects of the motion.

[Mr. Deachman.]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I am not going to repeat the arguments that have been put forward, but I should like to read part of Standing Order 5(8) as follows:

> Standing committees shall be severally empowered to examine and enquire into all such matters as may be referred to them by the House, and, to report from time to time—

It then goes on to list the duties. If the amendment instructed the committee to obtain counsel or do certain things in order to examine this red manifesto—it is not a White paper—I do not think Your Honour would have any difficulty with it. We have to get around, and I think this is what is bothering Your Honour, any instructions in the amendment that in fact change those matters which the committee is to examine. That might be a matter of argument or inference, and it is probably a matter for the committee to decide. Surely, specific and proper instructions can be given to a committee.

I think now is the time to point out this important fact. We were told, when committees were changed and took over the right of the House of Commons to sit as a committee of the whole to examine bills and estimates, that they would be non-partisan and would function as such, along the lines of Congressional committees. We have found that this is not the case.

• (4:20 p.m.)

Mr. Speaker, with the greatest respect, I think it is putting too much onus on you to ask Your Honour to make a decision in this regard. I think this is a matter on which Parliament should vote in order to decide whether this amendment should be allowed in respect of the red manifesto. It is a red manifesto, because it is red and it is a manifesto. We are saying that when the committee takes a look at the white paper, whether or not it has counsel, expert or other witnesses before it, it should have certain instructions, and those instructions should be to develop alternatives to the proposed disincentives affecting middle-income groups and small businesses in particular. We should zero in on these things.

Surely the instructions do not say that we cannot examine those parts which take away all incentives. The committee must look at this aspect of the matter because this red manifesto is very hard on Canadians in the middle-income group. I can understand Your Honour's problem. If it were a matter of saying that the committee was to have before

it counsel and certain witnesses, that would perhaps be adding to the instructions of the committee. All you are properly concerned with, Mr. Speaker, is whether this amendment altogether changes another document.

I am like Browning; I believe that only God and the people who drew the document really know what is in it. The government really thinks the committees are creatures of its creation. Parliament controls the committees, and surely we can say what we should do when studying this difficult and comprehensive document. I think this is the problem. Surely my good friends are not frightened of this amendment coming to a vote.

Mr. Baldwin: They almost were the other day.

Mr. Speaker: Order, please. The hon. member for Gander-Twillingate (Mr. Lundrigan) seems to want to add to the argument. I doubt that anything new can be said at this point. I have heard learned argument from experts in procedure. Having said that, however, I would be pleased to hear also from the hon. member for Gander-Twillingate.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I do not wish to steal the show from the hon. member for Peace River (Mr. Baldwin) and the hon. member for Winnipeg North Centre (Mr. Knowles), the experts on rules and procedure, but I do wish to raise one point.

Mr. Knowles (Winnipeg North Centre): How did I get into this?

Mr. Lundrigan: I gather that Your Honour is concerned that perhaps the amendment tends to eliminate the original motion. I certainly would not support any amendment that was so restrictive that it directed the committee to take specific action such as was the situation, for example, a few days ago when a committee was directed to reduce the voting age to 18. I should like to draw attention to something that was touched on by the hon. member for Peace River. I believe that on two grounds the amendment ought to be ruled in order. First of all, it does not give specific direction to the committee. The amendment is very broad. It refers to developing alternatives, and in that regard it is in very broad terms.

Having spent the last two weeks studying in detail the white paper on taxation, I suggest to Your Honour that the amendment gets at the very guts, if I may use that term, of the white paper. The very broad areas in the white paper to which we feel Parliament should take exception are covered in this amendment. On the ground that we are giving the committee very little direction, and on the ground that the amendment we propose gets to the essence of the objections of the House to the white paper, I support the amendment of the Leader of the Opposition (Mr. Stanfield). On the basis of Standing Order 65(8) I feel we have no alternative but to let the House rule on the amendment.

Mr. Speaker: I thank hon. members for their counsel. I thank each one in turn for the assistance he has extended to the Chair. Hon. members must realize that the Chair has to rule strictly on procedural grounds. A number of the arguments presented were in some way substantive. The hon. member for Calgary North (Mr. Woolliams) referred to the substance of what he called the red manifesto. I think he indicated that perhaps the Chair should study this document and decide whether the amendment would or would not affect the substance of it. The hon. member for Gander-Twillingate (Mr. Lundrigan) presented an argument along much the same lines. Fortunately, the Chair does not have to go into that aspect of things before rendering the type of judgment it must render at the present time. The situation is more simple than that.

The hon. member for Peace River and the hon. member for Edmonton West (Mr. Lambert) in the course of their arguments have shown that they understand exactly what the difficulty is. It is not necessary to indicate to them what are the worries of the Chair. What we must determine now is whether it is possible to amend this type of very simple and basic motion to the effect that a certain document be referred to a committee. In my view, it is very difficult to amend this kind of motion. I find it difficult to imagine any amendment that would be in order. Hon. members might even wonder whether it is necessary, in the first instance, to have this type of motion at all. That might be a very good point to consider. But that is not the kind of argument in which the Chair should become involved.

The effect of the motion is that this document be referred to a committee. That is the only proposition with which I must deal. The hon. member for Peace River said that in his view there are many arguments to support the proposition that the amendment is acceptable, the best one of course being that he seconded it. I might say that perhaps that is

the only good argument for accepting it. I wonder whether it is necessary to do this, but for the record I shall read the motion again.

That the White Paper entitled Proposals for Tax Reform, Tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

As I have indicated, it may well be that the committee could have easily, on its own initiative, studied this document without the initiative of the government in referring the document to the committee. However, this is the motion which has been proposed and which is being considered by hon. members. That is the motion which is before the House for debate today and on Monday. The amendment reads as follows:

That the motion be amended by adding the following to it:

with instructions to develop alternatives to the proposed disincentives affecting middle income groups and small businesses in particular, and which increase the vulnerability of Canadian enterprise to foreign take-overs.

As I said, the motion is a simple one. It proposes the reference to a standing committee of a document which deals with tax reform. The motion before the House can, I suppose, in some way be amended. But certainly the amendment proposed would have to be relevant to and have the effect of amending the main motion. It must not seek to amend the question which the motion would refer to the committee for consideration. That is the whole point of argument. What we are trying to do through this amendment is go behind the motion and alter or affect in some way the substance of the question which will be considered by the committee if the motion were adopted by the House.

• (4:30 p.m.)

In my view, the amendment endeavours to reach behind the motion and attempts to direct the committee to consider certain propositions which would appear to be outside the scope or the content of the motion which is before the House. In effect, the proposed amendment is not only irrelevant in the procedural sense to the motion it purports to amend, but it also seems to raise a new and substantive question which under our standing orders can only be moved after the appropriate notice. In other words, there is the additional difficulty that it not only goes beyond the terms of the simple motion before us at the present time, but it is also in the form of a substantive motion which can be moved only after appropriate notice.

[Mr. Speaker.]

I should say that Standing Order 47 has the effect of precluding an amendment of this kind. For the benefit of the record I will read the standing order. It reads:

47. A motion to refer a bill, resolution or any question to a Committee of the Whole, or any Standing or Special Committee, shall preclude all amendment of the main question.

I think that hon. members who sought to enlighten the Chair on the question were silent on the effect of Standing Order 47.

Mr. Baldwin: We realized Your Honour would find it!

Mr. Speaker: In the circumstances it is very difficult for the Chair to overlook the provisions of Standing Order 47 and to rule in any other way except that the amendment should not be put to the House.

Mr. Lambert (Edmonton West): May I ask Your Honour a question? On the basis of your ruling, under Standing Order 47 it would be impossible for any member of the opposition or of the government to advance an amendment stating that the committee shall report by date "X", if that were the sense of the House as a result of discussion. I find that rather difficult to accept.

Mr. Speaker: The hon. member who just asked the question, having illustriously occupied the chair before the present holder of this office, knows that the Chair does not reply to theoretical questions.

Mr. Kaplan: Mr. Speaker, I wonder if I might seek the permission of the House to conclude my remarks. I would require an additional seven minutes.

Mr. Speaker: This would, of course, require the unanimous consent of the House. There is a difficulty in that the hon. member whose motion was to be considered by the House during private members' business may feel that he is being deprived of an opportunity to present his case. I assume that hon. members would want to ensure that the hon. member who would be affected adversely this way would be given an opportunity and priority to present his motion on another occasion. This matter might be considered at this time.

Mr. Baldwin: We are quite impartial as to whether we hear the hon. member for Don Valley (Mr. Kaplan) or the hon. member for

Waterloo (Mr. Saltsman). We have no feelings about it one way or the other.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I believe the hon. member for Waterloo (Mr. Saltsman) is a very generous and co-operative person and is willing to agree. I think, also, that if we adjourned seven minutes from now there might be some disappointment among all these friends of ours in the press gallery who anticipate something happening at five o'clock. So we have to stay here anyway.

Mr. Saltsman: I am willing to allow the hon. member for Don Valley to proceed. There will be enough time left for me to present my motion.

Mr. Kaplan: Mr. Speaker, I should like to thank the House, and in particular the hon. member for Waterloo (Mr. Saltsman) for affording me this opportunity. In my consideration of the white paper I was speaking of its effect on small business. Many critics regret that more attention has not been paid to the importance of small and independent business. I regret this as well, and I want to make a few comments about it. But before doing so I would like to contradict those hon. members who suggest that small business has now been put on the same basis as big business. This is just not true. Although initial rates are the same, the closely-held business tax can be fully integrated with the personal tax of the owner, while the tax on the big, widely-held corporation can only be half-integrated. By my reckoning, this still gives the successful small businessman more than $10,000 a year less tax than the man who shares the profits of big corporations. Moreover, as a further preference over big business, he is not subject to the peculiar and difficult obligation to pay a tax every five years on the increased growth and value of his business.

But the white paper as it stands has met some criticism from small business in spite of its continued favoured treatment vis-à-vis big business, and I would like to deal with these complaints. The complaints are partly legitimate, partly not. It does not seem fair to me that the small businessman should be able to continue to pay less tax on his disposable income than the fellow who may be an independent professional, a salaried worker or an incorporated businessman. That is the effect of the combination of a low rate on corporate accumulation and the variety of techniques available for extracting retained earnings at lower rates of tax. On the other hand, unlike the professional or salaried employee, the small businessman has a special need for capital to grow, which the low rate in the past provided.

This low rate encouraged him to leave profits in the business and to use them constructively. Much has been said about the value and importance of small business in our economy. It is not necessary to repeat it, but to highlight the special problem of the businessman who wants to expand, I need only observe that the cost of increasing inventories of goods and the expenses of plant expansion are not deductible and never have been. The least that can be said for the low rate is that it gave some relief to the businessman who wanted to apply his capital to either of these socially worth-while objectives.

So that while I am against the preservation of the low rate, I would like to propose a measure which is not inconsistent with the white paper in its present form. It will also assist small business in its need to have the use of capital to expand which, so far as I can see, is the only legitimate claim the small businessman can make for special treatment. In this respect, the small businessman's problem is heightened by the reduced availability of capital from conventional sources. At the same time, while providing capital to growing businesses, the proposal will not narrow the tax base or reduce the ultimate tax payable to the government.

What I would like to suggest might be called an expansion allowance. Like a capital cost allowance, it would permit the acceleration of deductibility of certain costs of inventory and plant expansion, and I hope that it would apply to 100 per cent of the costs concerned up to a reasonable maximum of, say, $15,000 per year. To achieve its purpose of encouraging businesses to grow, it would be applicable only to increases in inventory over the prior year and to increases in classes of capital expenditure. Eventually, when the concern's growth slowed down and the special claim for capital was no longer present, the expansion allowance would no longer be available. The deferred taxes would then become payable through liability to tax at the normal rate but still, of course, subject to the tax advantages over the widely-held corporations which I described.

• (4:40 p.m.)

The proposal for an expansion allowance will remind some hon. members of the proposals of the Carter report for special

capital cost allowances for new businesses to the extent of $250,000. The expansion allowance has the advantage that it is available for small but growing businesses and not just for new business, that it applies to inventory as well as capital assets, and that it is not subject to the abuse of encouraging new incorporations and re-incorporations, as the Carter proposal does.

The white paper promises a new look at the question of capital cost allowance. I urge the government to consider adapting the capital cost allowance system to the expansion allowance which I have proposed. There are a number of other aspects of the white paper about which I would like to have spoken—entertainment expenses, for example, where serious abuses have occurred under the present system but where there is a legitimate interest in the continued deductibility of genuine business expenses for entertainment. I would also like to have had time to deal with the effect of the capital gains tax on five-year accruals not applying to foreign investments. But as a member of the tax committee, no doubt I will have the opportunity to do so later. I thank the hon. member for Waterloo for his indulgence, Mr. Speaker.

ROUTINE PROCEEDINGS

PRIVILEGE

MR. TRUDEAU—REFERENCE TO LETTER FROM MR. SAULNIER

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, may I rise on a question of privilege. In reply to questions asked of me this morning by the right hon. member for Prince Albert (Mr. Diefenbaker), asking if I had received a letter from Mr. Saulnier with respect to the activities of the Company of Young Canadians, I replied in the negative. Notwithstanding the admonition of the right hon. gentleman that memories can be faulty, I nevertheless insisted that I knew of no such letter. I added, however, that "if there were such a letter, I would not hide it."

Mr. Speaker, I should have heeded the wise counsel of the right hon. gentleman. On examination of my files I find that Mr. Saulnier did indeed write to me on March 17 of this year on this subject. I wish to apologize through you, Mr. Speaker, to the House and to the right hon. member for my erroneous reply. I have taken this earliest opportunity of correcting the record.

[Mr. Kaplan.]

I hasten to add, Mr. Speaker, that I have no objection whatever to tabling Mr. Saulnier's letter and my reply thereto. Because Mr. Saulnier had written to me on a personal and confidential basis, however, I must seek his consent to such tabling. I shall try to reach him this week end and see if it is possible. In conclusion, Mr. Speaker, may I say that this correspondence followed shortly upon my conversation of last spring with Mr. Saulnier, about which I talked to the House yesterday, and perhaps for that reason the two events became confused in my mind.

Some hon. Members: Hear, hear.

Mr. Speaker: It being after four o'clock the House will now proceed to the consideration of private members' business. Is the hon. member for Winnipeg North Centre (Mr. Knowles) rising on a point of order?

Mr. Nowlan: I am rising on a point of order.

Mr. Stanley Knowles (Winnipeg North Centre): So am I, Mr. Speaker.

Mr. Speaker: The hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I said a few minutes ago that the hon. member for Waterloo (Mr. Saltsman) was willing to take a truncated period for his public bill, but now that the time has been shortened to only 15 minutes, and in view of the fact that we have had the statement from the Prime Minister (Mr. Trudeau) that we were anticipating at five o'clock, my hon. friend would prefer if we cancelled the private members' hour today, so that there would be the full period for the discussion of his bill on another occasion.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I am rising on a point of order as a result of the Prime Minister's point of privilege. Mr. Saulnier in his evidence last night and today before the parliamentary committee said that he would table the letter that he wrote to the Prime Minister, but since he did not have it in his files he would return to Montreal and send it. While the Prime Minister may very well be able to contact him this week end, before or during the Grey Cup, in view of Mr. Saulnier's evidence before the parliamentary committee I do not see what

harm there would be in having the letter published in today's *Hansard.*

Mr. Speaker: That is an argument advanced by the hon. member in favour of the suggestion that the letter be tabled now. The Prime Minister (Mr. Trudeau) has indicated the reason why he should delay tabling it until the start of next week. I believe that the matter could easily rest until Monday.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I move that we now adjourn.

Motion agreed to and the House adjourned at 4.47 p.m.

HOUSE OF COMMONS

Monday, December 1, 1969

The House met at 2 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills, to which the concurrence of this House is desired:

Bill S-4, an Act to amend the Yukon Placer Mining Act.

Bill S-5, an Act to amend the Oil and Gas Production and Conservation Act.

Bill S-10, an Act to incorporate Pitts Insurance Company.

Bill S-11, an Act to incorporate Pitts Life Insurance Company.

[*Translation*]

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

Fourth report of Standing Committee on Finance, Trade and Economic Affairs in both official languages—Mr. Clermont.

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

COMPANY OF YOUNG CANADIANS

TABLING OF LETTERS EXCHANGED BETWEEN PRIME MINISTER AND MR. LUCIEN SAULNIER

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I indicated to the House last Friday afternoon, during the week-end I sought Mr. Saulnier's permission to my tabling the letter he sent me on March 17, as well as my reply dated April 1.

[*English*]

I did obtain this permission from Mr. Saulnier, Mr. Speaker, and I am prepared to table these two letters now.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I desire leave, by unanimous consent, to introduce under Standing Order 43 a motion which I consider to be of urgent and pressing necessity. I do so on the following grounds:

1. The statement by the Minister of Regional Economic Expansion on November 26, reported in *Hansard* at page 1268, expressing the hope that the committee "will be able to meet as soon as the House returns in January", meaning that the government does not intend to propose to the House an order of reference for the committee before seven weeks have passed at the earliest.

2. The statement made yesterday on the CTV network by Dr. John Young, Chairman of the Prices and Incomes Commission, that if present trends continue unemployment in Quebec and the Atlantic provinces would be very serious by March.

I therefore move, seconded by my hon. friend, the hon. member for Peace River (Mr. Baldwin):

That the Standing Committee on Regional Development be empowered to examine and inquire into the following:

The present and worsening unemployment situation in the province of Quebec and the Atlantic provinces; and that the first report thereon, with its recommendations, if any, be submitted not later than December 19, 1969.

Some hon. Members: Hear, hear.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for St. John's East. According to Standing Order 43 the motion can be put before the House only if unanimous consent is obtained. I have to ask whether there is such unanimous agreement.

Some hon. Members: No.

Mr. Baldwin: The government said no.

Mr. McGrath: Mr. Speaker, I should like to rise on a question of privilege. In view of the fact that unanimous consent to put my motion under the terms of Standing Order 43 has been withheld, and in view of the urgency of this matter, I wish to serve notice on the

Proposed Legislation

leader of the House that I shall be instructing forthwith the Chief Clerk of Committees to convene immediately a meeting of the Standing Committee on Regional Development so that the committee can elect a chairman and vice-chairman and obtain the appropriate reference from the House to proceed with an examination—

Mr. Speaker: Order, please. The hon. member for St. John's East will probably have expected my ruling that this is not a question of privilege.

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

CHANGE IN NAME OF CONSTITUENCY

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council) moved for leave to introduce Bill C-162 entitled "An Act respecting the Electoral Boundaries Readjustment Act.

Some hon. Members: Explain.

Mr. Forest: Mr. Speaker, that bill aims only at changing the name of the Missisquoi constituency.

Motion agreed to, bill read the first time and ordered to be printed.

• (2:10 p.m.)

[*English*]

STANDARDS COUNCIL OF CANADA

ESTABLISHMENT, OBJECTS AND POWERS, ORGANIZATION, ETC.

Hon. Donald S. Macdonald (for the Minister of Industry, Trade and Commerce) moved for leave to introduce Bill C-163, to provide for the establishment of a Standards Council of Canada.

Motion agreed to, bill read the first time and ordered to be printed.

NEWFOUNDLAND TUNNEL AUTHORITY

PROVISION FOR ESTABLISHMENT

Mr. Jack Marshall (Humber-St. George's-St. Barbe) moved for leave to introduce Bill C-164, to establish a Newfoundland Tunnel Authority.

Some hon. Members: Explain.

[Mr. McGrath.]

Mr. Marshall: Mr. Speaker, the purpose of this bill is to establish an authority to undertake all preparatory steps necessary with a view ot the ultimate construction of a tunnel between the island of Newfoundland and the mainland of Labrador, with the objective of promoting an all-weather, multipurpose connection between those two land masses in the general interest of the national economy.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

COMMUNITY ANTENNA TELEVISION RATE OF RETURN

Question No. 80—**Mr. Rose:**

1. Is the Government of Canada and/or the Canadian Radio-Television Commission presently giving favourable consideration to imposing formal limits on the financial rate of return of Community Antenna Television (CATV) systems in Canada?

2. If so, when is a decision expected on this issue?

3. If not, what are the reasons for not imposing a formal rate of financial rate of return?

Hon. Gérard Pelletier (Secretary of State):

1. No.

2. Not applicable.

3. I am informed by the Canadian Radio-Television Commission that the CATV undertakings licenced by the CRTC are not public utilities subject to fixed rate of return structures determined by statutory bodies. However, the CRTC recognizes that its duty to implement the policy of the Broadcasting Act in the public interest may involve considerations of costs to the public and a licensee's responsibility for programming, both of which may affect the financial rate of return.

HOME MAIL DELIVERY

Question No. 99—**Mr. Mather:**

1. Which Canadian communities presently have the population to qualify for home mail delivery but are not receiving such a federal service?

2. What are the reasons for this discrimination and when is it expected that the above communities will be given home mail delivery?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. The basic requirement for the establishment of an independent letter carrier delivery service is

the availability of 2000 points of call. No figure has been set as to required population. The communties having 2000 potential calls are: Amherstberg, Ont.; Arnprior, Ont.; Bridgewater, N.S.; Castlegar, B.C.; Chatham, N.B.; Coaticook, P.Q.; Courtenay, B.C.; Delhi, Ont.; Fergus, Ont.; Hanover, Ont.; Hespeler, Ont.; Lac Megantic, P.Q.; Louiseville, P.Q.; Mont Laurier, P.Q.; Perth, Ont.; Sherwood Park, Alta.; Sidney, B.C.; Stephenville, Nfld.; Terrebonne, P.Q.; Whitehorse, Y.T.; Windsor, P.Q.

2. As part of its program to comply with general government policy for the control of inflation, the Post Office Department is not establishing new letter carrier delivery offices at this time. When future conditions are such as to accommodate the establishment of additional letter carrier delivery offices, consideration will be given to providing door-to-door delivery in communities having 2000 points of call.

NEW GOVERNMENT BUILDINGS, OTTAWA

Question No. 102—**Mr. Mather:**

Which federal government buildings are anticipated to be built in Ottawa, starting construction in the calendar years 1969 and 1970?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Headquarters Building for the Department of External Affairs; Canadian Police Information Centre (R.C.M.P.); Office Building for the Dominion Bureau of Statistics; Greenbelt Farm—Intensive Research Sheep Barn; Greenbelt Farm—Minimal Disease Livestock Barn; Headquarters Building for Department of National Defence; and The National Science Library. Consideration is also being given to the construction of: Office building for the Department of Energy, Mines & Resources; Building for National Police Services (R.C.M.P.).

STATUS OF MISTASSINI INDIANS

Question No. 146—**Mr. Howard (Skeena):**

1. Do the Mistassini Indians in Northern Quebec come under the federal government's Indian Act?

2. Is the Department of Indian Affairs aware that the Mistassini Indians are being subjected to provincial game and fishing laws and, if so, what action is contemplated by the Department?

3. Are the Indians of the Mistassini tribe permitted to hunt in the Mistassini game reserve and, if not, why not?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Yes.

2. The Minister of Indian Affairs and Northern Development is aware that the Mistassini Indians are being subjected to provincial game and fishing laws beyond the immediate confines of the Mistassini Indian Settlement. Although this matter is within the provincial jurisdiction, possible action is now being discussed by Quebec Government officials, Association of Quebec Indians and officials of this Department.

3. Except for the provisions of the Migratory Birds Convention Act, the regulation of hunting in the area is a matter within the jurisdiction of the province.

CBC POLICY ON TELEVISION PROGRAM VIOLENCE

Question No. 150—**Mr. Mather:**

1. What presently is the general policy of the CBC on violence in television programming and its effects on viewers, especially children?

2. What are the results of the review of CBC policy regarding violence in television programming, as indicated in answer to Question No. 2,100 in *Hansard* of May 14, 1969, page 8683?

3. For the years, 1966, 1967, 1968 and 1969, which feature films and program series have been refused because of their violent character as mentioned in answer to Question No. 2,100?

4. Does the CBC consider that its new fall broadcasting program has not an undue content of violence?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. It is CBC's practice not to broadcast entertainment programs which unduly exploit violence and not to schedule a large number of program series built around themes of violent action. In its news and public affairs programs the CBC has acted with restraint in showing scenes of violence; for example, from battlefields or riots. It continues to be CBC policy to reflect the reality of violence in the world in its information programs but not to dwell on scenes of violence for their sensational effect. In all programs the use of violence must be justified by strict standards of dramatic integrity and by its honest reflection of reality. The use of violence for its own sake or as a substitute for other dramatic values is not acceptable. The CBC practice regarding violence in children's programming is based on its general policy of programming for young people. It is not CBC's view that young people should be sheltered from the realities of life; but neither is it CBC's view that children are prepared for adult entertainment. The CBC

has tried to produce programs and to select films whose content and treatment are consistent with what is known about the creative growth and development of North American children.

2. The previous policy, particularly as it related to programs for adults, was strengthened. Program staff were provided with a general policy statement supported by specific examples of what must be avoided.

3. No record has been kept of feature films or syndicated program series which have been refused because of their violent character.

4. The Corporation is satisfied that its schedules for 1969/70 meet the tests specified in (1) above.

CBC—REDUCTION OF PROGRAM VIOLENCE

Question No. 151—**Mr. Mather:**

1. Is the CBC giving favourable consideration to reducing the number of T.V. programs containing violence?

2. Is the CBC giving favourable consideration to the elimination of violence from Children's cartoon T.V. programs?

3. Is the CBC giving favourable consideration to the scheduling after 9 p.m. of all T.V. crime programs and western and adventure stories which contain violence?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The CBC does not consider that it has in the past scheduled an excessive amount of violent programming. The Corporation has, on the whole, successfully applied a policy of restraint in this area of its programming and will continue to do so.

2. Aside from one series on the English network, which will be discontinued as soon as the present contract has expired, the Corporation is satisfied that its programs for children meet the standards outlined in reply to Question No. 150, Part 1.

3. Each program must be judged on its own merits and it is difficult to generalize in terms of broad program categories. However, the Corporation will continue to minimize the exposure of programs which could be construed as violent, in keeping with CBC policy as outlined in reply to Question No. 150, Part 1.

CBC NEWS COVERAGE ARRANGEMENTS WITH U.S. NETWORKS

Question No. 175—**Mr. Broadbent:**

What arrangements does the CBC have with U.S. television networks for coverage of (a) U.S. news (b) World news?

[Mr. Pelletier.]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: The CBC has access to U.S. world news coverage of the two major U.S. networks, NBC and CBS. In return, the CBC provides these networks with access to CBC coverage. There are other available sources of U.S. world news coverage, including CBC overseas bureaux, the Commonwealth newsfilm agency known as Visnews and such world news agencies as Associated Press, Reuters, United Press International and Agence France-Presse.

BANK OF CANADA—RESEARCH STUDIES

Question No. 265—**Mr. Burton:**

1. For the fiscal years 1968-69 and 1969-70, what specific research studies have been undertaken by the Research Branch of the Bank of Canada?

2. Who are the individuals involved in these studies and when is it anticipated that these studies will be completed?

Hon. E. J. Benson (Minister of Finance): 1 and 2. Much of the work undertaken in the Research Department of the Bank of Canada involves the continuing analysis of current economic and financial developments in Canada and abroad for internal use within the Bank. Special studies of particular subjects are also undertaken for the same purpose. These concern the internal administration of the Bank on which it is not appropriate to answer questions.

In addition to the research studies referred to in the preceding paragraph, certain aspects of the Bank's research program have been reported in a series of reports published by the Bank known as Staff Research Studies and in professional journals. The following Staff Research Studies have been published: No. 1, Quarterly Business Capital Expenditures by R. G. Evans and J. F. Helliwell. No. 2, Canadian Inventory Investment by R. G. Evans. No. 3, RDXI by J. F. Helliwell, H. Shapiro, I. A. Stewart and L. Officer.

The following Staff Research Studies are to appear in the near future: No. 4, Government Sector Equations for Macroeconomic Models by J. F. Helliwell, R. G. Evans, F. W. Gorbet, R. Jarrett and D. Stephenson. No. 5, The Dynamics of RDXI by J. F. Helliwell, H. Shapiro, I. A. Stewart and L. Officer. No. 6, Canadian Housing and Mortgage Markets by Lawrence B. Smith.

The following articles have recently appeared or will appear in professional journals: "Consumer Attitudes, Buying Intentions and Expenditures: An Analysis of the Canadian Data," by H. Shapiro and G. Angevine, "The Canadian Journal of Economics," May 1969. "Labour-Force Participation in Canada," by L. Officer and P. R. Andersen, "Canadian Journal of Economics," May 1969. "A Structural Model of the Foreign Exchange Market," by J. F. Helliwell, "The Canadian Journal of Economics", February 1969. "An Econometric Analysis of Policy Choices for an Open Economy," by J. F. Helliwell, H. Shapiro, I. A. Stewart and L. Officer, "The Review of Economics and Statistics", November 1969.

COMPENSATION FOR COUNTERFEIT MONEY

Question No. 309—**Mr. Caouette:**

What steps does the Bank of Canada intend to take to compensate people who receive counterfeit money including banking institutions?

Hon. E. J. Benson (Minister of Finance): The Bank of Canada does not compensate individuals or institutions who receive counterfeit banknotes. The Bank points out that such a procedure would make more difficult the task of controlling counterfeiting since the public would be less on guard against counterfeit notes if holders were to be compensated. The Bank is concerned about the incidence of counterfeiting in Canada and is engaged in a continuing program of investigation to make its notes more and more difficult to forge. However, it believes that careful public scrutiny is and will remain a major deterrent.

STUDENT LOANS

Question No. 370—**Mr. Robinson:**

Is it the federal government's intention to increase the amount of the student loans in view of the inflation and increase in the cost of living that has taken place during the last five years since the program was initiated?

Hon. E. J. Benson (Minister of Finance): Amendments are currently being considered by Parliament which increase the level of loan provision under the Canada Student Loans Act. It is not proposed to alter the amounts which an individual student can borrow under the program.

POLLUTION ABATEMENT EQUIPMENT TAX INCENTIVES

Question No. 374—**Mr. Goode:**

Does the Minister of Finance presently have plans under consideration to extend Income Tax incentives now granted to industry for water pollution abatement equipment to include incentives for air pollution abatement equipment and does the Minister plan to initiate action to eliminate federal sales tax from both these types of equipment?

Hon. E. J. Benson (Minister of Finance): This is a matter of government policy. If the government proposes amendments to the Income Tax Regulations or to the Excise Tax Act they will be announced at the appropriate time.

CANADA STUDENT LOANS ACT—TAX COMPENSATION TO QUEBEC

Question No. 440—**Mr. Dionne:**

1. What was the amount of tax compensation granted to the Province of Quebec since the adoption of the Canada Student Loans Act and in what form was such compensation granted?

2. How many students from each province have benefited from a loan under this Act?

Hon. E. J. Benson (Minister of Finance): 1. There is no tax compensation to any province with respect to the Canada Student Loans Act. However, the Province of Quebec has received the following alternative payments under the Canada Student Loans Act—

Loan Year in Respect of which Payment Made	Amount of Payment
1964/65	$ 74,262.00
1965/66	$ 757,448.00
1966/67	$ 1,230,572.00
1967/68	$ 2,402,552.00
1968/69	$ 2,915,698.00

The alternative payment is a cash payment to the Province of Quebec and is determined by applying the ratio of the general population in the 18 to 24 year age group in Quebec to the same population in the rest of Canada at the beginning of the loan year to the total of the statutory costs incurred by federal government during that loan year.

2. Number of certificates of eligibility issued to students by participating provinces—July 1, 1964 to June 30, 1969—

Questions

Province	Loan Year (July 1 to June 30) 1964/65	1965/66	1966/67	1967/68	1968/69
Newfoundland	737	1,339	1,414	1,819	2,233
P.E.I.	437	614	838	935	1,034
Nova Scotia	2,513	3,828	4,654	5,963	6,810
N.B.	2,027	2,996	3,720	5,524	6,272
Ontario	21,920	20,444	24,628	42,185	53,744
Manitoba	2,272	3,447	4,070	4,604	4,816
Saskatchewan	2,992	4,866	5,965	7,377	8,282
Alberta	4,519	6,381	8,064	10,504	13,415
B.C.	4,675	7,326	9,854	11,434	10,503
Yukon	12	23	14	11	25
N.W.T.	9	8	22	15	11
Total	42,113	51,272	63,243	90,371	107,145

PUBLIC WORKS EMPLOYEES' WAGES

Question No. 456—**Mr. Caouette:**

What steps are taken or contemplated to ensure that wages paid to employees of the Department of Public Works are on a par with those paid to Department of National Defence employees, including the Canadian Forces, when both Departments co-operate in joint or combined programs?

Hon. C. M. Drury (President of the Treasury Board): Rates of pay for most employees of the Public Service are determined through the collective bargaining process. In the case of employees excluded from collective bargaining because they are employed in a managerial or confidential capacity, rates of pay are established by the Treasury Board, which takes into consideration the salaries prescribed in collective agreements for employees in the relevant occupational group and level.

The collective agreements signed by the Treasury Board and the bargaining agents apply to all members of the bargaining units regardless of department. Consequently, all employees classified in a given occupational group and level are paid the same rate of pay, whether they are employed in the Department of Public Works, National Defence, or any other department.

For some groups in the Operational Category, rates of pay vary according to geographic location. In these cases, employees classified in a given occupational group and level would receive different rates of pay depending on the geographic location of their place of work.

[Mr. Benson.]

Where the Departments of Public Works and National Defence are cooperating in joint or combined programmes, the Public Service employees involved receive the rate of pay that is prescribed in the collective agreement for their classification and locality of employment. If differences are found to exist in the rates of pay of employees, they can be attributed to the fact that there are differences in classification levels, or differences in the locality of employment if the employees are under a zone system of pay.

The rank and classification structure and the terms and conditions of employment of the Canadian Armed Forces are significantly different from those of the Public Service. For this reason it is possible that on a job-for-job basis there may be differences in rates of pay as between members of the Forces and Public Service employees. On the other hand, every attempt is made to ensure that the level of salaries in the Forces is generally comparable to that of the Public Service, taking account of differences in terms and conditions of employment.

VANCOUVER DISTRIBUTION OF PROPOSALS FOR TAX REFORM

Question No. 463—**Mr. Harkness:**

1. How many copies of the Proposals for Tax Reform were sent to Vancouver for distribution there?

2. How many of these copies were in English and how many in French?

3. If French copies were sent to this area and distributed to English-speaking firms, what reasons would the department have for such action?

Hon. E. J. Benson (Minister of Finance): 1. 1,075.

2. English, 1,050; French, 25.

3. So far as is known, French copies were distributed only to those firms or individuals who specifically requested them. Any distribution to English-speaking firms which had not requested copies in French would have been unintentional.

SPEECH BY MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Question No. 464—**Mr. Howard (Skeena):**

1. Did the Minister of Indian Affairs and Northern Development deliver a speech on October 2, 1969 to the Saskatchewan Liberal Women's Federation meeting in Regina and, if so, was this speech distributed and to whom?

2. How many copies of this speech were reproduced?

3 What was the total actual and estimated cost of preparing, reproducing, collating, stapling and mailing of these copies?

4. Was this same speech with minor modifications reproduced under a title page entitled, "Statement by the Honourable Jean Chrétien, Minister of Indian Affairs and Northern Development based on a speech delivered in Regina, October 2, 1969" and, if so, was the reproduction distributed and to whom?

5. How many copies of the reproduction referred to in part 4 were reproduced?

6. What was the total actual and estimated cost of preparing, reproducing, collating, stapling and mailing the reproduction referred to in part 4?

7. What minor modifications, in detail, were made to the original speech?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Yes—M.P.'s and Senators, Press Media, Chiefs of Indian Bands, General Mailing Lists.

2. 3573 (English), 600 (French).

3. $247.

4. Yes. To general mailing list including subscribers to the Indian News. The remaining copies are used to answer public requests on the subject.

5. 57,500.

6. $4,600.

7. Original speech with minor modifications in detail follows.

"The Government Policy on Indians
What is the Debate About?"

A speech by the Honourable Jean Chrétien, Minister of Indian Affairs and Northern Development, to the Saskatchewan Women's Liberal Federation, Regina, Saskatchewan, October 2, 1969.

In June I announced the Government's proposals for an Indian policy. I hoped that a vigorous debate might start over the policy proposals put forward. The debate duly began and is continuing, but much of it is not over the proposals advanced by the government. The debate has become clouded because of misunderstandings, misinterpretation, and a lack of knowledge on the part of the Canadian public of the Indian situation.

The policy Statement is pretty clearly written. The English, French and Cree texts agree with each other. It is a straightforward document. But while in this age of instant communication everyone knows within minutes that an announcement has been made, few seem to find out what it was that was announced.

Let me explain.

The statement is NOT a final policy decision to be implemented regardless of what anyone else says.

The Statement does NOT propose or suggest that Indian reserves should be abolished.

The Statement does NOT propose that the provincial governments should take over responsibility for Indian land.

The Statement does NOT propose to disregard the Treaties and end them unilaterally.

The Statement does NOT propose that the federal government "abandon" the Indian people to the provinces without ensuring that the provinces have the resources to maintain and improve upon the existing level of programs and services.

The Statement does Not suggest that Indians, or Indian bands should be given clear, freehold title to their land within five years—or indeed within any period of time at all.

The Statement does NOT advocate any weakening of Indian culture or identity. It does NOT advocate the assimilation of Indian people.

The statement is clear on all these points. On many occasions, both privately and publicly, to Indian and non-Indian people alike, I have tried to clear up these misinterpretations.

Now what does the policy statement say?

It says that the time has come to change a system which has been discriminatory and paternalistic towards Indian people.

It says that the proposals contained in the policy statement are to be discussed with Indian people, provincial governments and the Canadian public before any of them are implemented.

It says that provinces should extend the services to Indians that they extend to others who dwell within their domain and that the federal government will transfer funds to help them do it.

It says that representatives of the Indian people should be involved in discussions with the provinces.

It says that federal departments will do this concurrently with those provinces which agree.

It says that the Indian people should control their own land.

It says that those bands which want title to their land should be able to take it.

It says that if the provinces extend their services to Indians and other federal departments besides mine do likewise, the Department of Indian Affairs would be phased out of operation. After all, Indian Affairs has been attacked by everybody. Who could complain if the Government believed that the critics had meant what they said?

The Statement says that it hopes the phasing out could be done in five years. And this reference to five years applies ONLY to the phase-out process. It goes on to say that the matter of Indian control of Indian land will take longer. Among the numbers of years which are greater than five, there is wide range of choices. But everyone has fixed on five years, which is impossible. There are 550 bands. There are more than 2,000 reserves. An Indian Lands Act is necessary to protect the land. Such an Act will have to be talked about, consulted about, drafted, made into law and put into effect. In five years? Not at all. We know, and Indian people know, that this will take time.

The Statement said that the Treaties would be reviewed by the Indians and the Commissioner for Indian Claims to determine the best way of adjudicating claims arising from them.

The Statement said that the Government recognizes that all Canadians should acknowledge the virtues, strengths and richness of Indian culture and languages.

[Mr. Chrétien.]

The Statement said that the Government would develop, with the Indian people, programs to enrich their cultural heritage and their sense of identity.

How can these proposals be taken as an abrogation of Treaties? Do they sound like cultural genocide? I do not see how anyone can suggest that they are.

As soon as the policy proposal was made public, there were headlines about "turning the Indians over to the provinces".

Shortly after the headlines, there were editorials about the problems involved in doing that which was never suggested should be done.

At the same time some Indian leaders began telling the government it ought not to do that which many of them had sought for years.

What is needed now is a sensible and meaningful discussion about the steps to be taken and to separate the principal components of the problem so that they can be dealt with one after another, or jointly where possible.

We want to talk. We want to have a dialogue with Indian spokesmen and we want the provinces to join in the talks.

I can well appreciate the reaction of Indian people towards the policy proposals. The proposals represent a dramatic break with the past. Spokesmen for the Indian people have asked for time to consider the proposals and to draft alternative proposals of their own. This is a reasonable position to take.

Indian people, because of past experiences, have a deep distrust of governments, both federal and provincial, and tend to regard the proposals with suspicion. In private meetings with representatives of the Indian people I have explained the policy proposals, and I have listened to their comments and criticisms. These meetings have been helpful and many more will be held.

There is room for disagreement about what is to be done. There is room for a great deal of discussion before anything is done.

There is no room for rejecting out of hand that which was never proposed at all.

Last year a series of meetings with spokesmen for each band of Indian people were held. It soon became apparent that the Indian Act, as such was not the first priority of many Indian people. It also soon became apparent that the restrictions imposed by the present Act had outlived their usefulness. It was clear

that the Government could not sit back. It had to respond to what Indian people had been saying.

It was clear to the Government that many Indians were preoccupied by considerations of their treaties and rights. It was equally clear that this is a complex matter that cannot be resolved quickly.

The Government does not believe that the whole matter of the Indian people's wellbeing should be set aside pending resolution of treaty problems and claims. It is the Government's view that the various elements of the problem should be separated. Treaties include land entitlement. This major factor is dealt with as one which must be worked out on a band by band basis over an extended period of time.

The Government recognizes that many Indians want to see some safeguards which will insure that their land is not alienated from Indian occupancy, remains with the band, and cannot be grabbed by land speculators. The Government hopes that an Indian Land Act can be evolved to provide Indian people with both control of their own land and the degree of protection for it which they feel is appropriate. The legislation will have to be flexible so that the degree of control and protection can be worked out and applied band by band.

Indian land will stay Indian land. It will not be up for grabs by speculators. This does not mean that the present federal trusteeship for Indian land—which is both bureaucratic and paternalistic—should remain. This does not mean that the Minister of Indian Affairs has to make every decision about every summer cottage site leased on Indian land.

It does not mean that Indian people should have to turn to Ottawa every time they want to act.

I would like to see a vigorous debate about what is proposed and what is needed, but I am not very enthusiastic about a debate based on badly written headlines and misinterpretations about the proposals. If people have alternative proposals, they should make their views known.

One thing is certain—the time has come for basic and fundamental changes in a system which works against the interests of Indian people. The federal government has made a series of proposals, aimed at creating a non-discriminatory society, for discussion with Indian people, provincial governments, and the Canadian public as a whole.

We have made these proposals in good faith, knowing full well that they would be controversial, but knowing also that if an attempt was not made to break the pattern of discrimination and paternalism of 100 years, that no progress could be made in solving the problems which have plagued Indian people for so long.

At the root of the Indian reaction to the proposals is distrust of government and Canadian society as a whole. This must change. Concerned Canadians should consider this problem, to be certain that each of us is doing his part to open the doors of opportunity and remove the blight of discrimination from this country.

It is Canadian business that has the jobs to offer Indian people. It is Canadian society which must break down the barriers of misunderstanding.

We cannot solve our problems in isolation. Everyone has a part to play.

EMPLOYMENT OF SARAH ANNE ROBINSON

Question No. 476—**Mr. Howard (Skeena):**

Since January 1, 1966, has Sarah Anne Robinson, Ph.D. been under contract by the Department of Indian Affairs and Northern Development for any purpose and, if so (a) what, in detail, was she required to do (b) in what geographic areas was this work conducted (c) what amounts of money was she paid, and (d) does the government consider that it received full value for the money so expended?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Miss Sarah Anne Robinson has never been under contract to the Department of Indian Affairs and Northern Development for any purpose, although she has made a study of the leadership of the Nanaimo band with the Band's consent.

POST OFFICES CLOSED, CARDIGAN RIDING

Question No. 518—**Mr. McQuaid:**

1. How many post offices have been closed in the Constituency of Cardigan since January 1, 1969?

2. How many more are scheduled to be closed within this Constituency?

3. As a result of these closings, how many people have been deprived of employment?

4. What was the total annual compensation being paid to these people who have been deprived of employment by reason of the above closings?

Questions

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Eight.

2. None.

3. Eight.

4. $17,000.

REPORTING BY LENDERS TO SUPERINTENDENT OF INSURANCE

Question No. 525—**Mr. Coates:**

Do all lenders in Canada making loans at rates higher than one per cent per month report to the Superintendent of Insurance for Canada under the Small Loans Act?

Hon. E. J. Benson (Minister of Finance): The Small Loans Act applies to loans of $1,500 and under, and with the exception of banks and pawnbrokers which are not subject to its provisions, all lenders in Canada charging more than 1 per cent per month on such loans are required to be licensed under the Act and to report to the Superintendent of Insurance.

THE VATICAN—CANADIAN EMBASSY EXPENDITURES

Question No. 529—**Mr. Howard (Skeena):**

What are the estimated federal government expenditures for the fiscal year 1970-71 regarding the maintenance of a Canadian embassy at the Vatican?

Hon. Mitchell Sharp (Secretary of State for External Affairs): $200,000.

BREAKDOWN OF JOBS BY PROVINCES, ATLANTIC REGIONAL PROGRAMS

Question No. 541—**Mr. Marshall:**

Of the 8,935 jobs created by projects approved under Regional Programs in the Atlantic Region, what is the breakdown by province?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Newfoundland, 1,015; Prince Edward Island, 711; Nova Scotia, 3,627; New Brunswick, 3,582.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FOREIGN EXCHANGE RATES—POSITION TAKEN AT IMF MEETING

Question No. 9—**Mr. Gilbert:**

1. What position did Canada take at the meeting of the International Monetary Fund in September 1969 regarding the removal of pegged foreign exchange rates to a system of floating or crawling peg rates?

[Mr. McQuaid.]

2. What specific position was taken by each of the other members of the International Monetary Fund?

3. Is the Government of Canada giving favourable consideration to changing the present fixed Canadian exchange rate to a floating exchange rate?

Return tabled.

AMERICAN AND CANADIAN PROGRAMS ON CBC

Question No. 40—**Mr. Benjamin:**

1. For the years 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968 and 1969, which American-produced series were carried by the Canadian Broadcasting Company?

2. For the same above years, which Canadian-produced series were carried by the Canadian Broadcasting Company?

3. For the same above years, which series were carried by the CBC during the prime viewing times of 7 p.m. to 11 p.m.?

Return tabled.

PUBLIC SERVICE—RETROACTIVE PAY ADJUSTMENTS

Question No. 248—**Mr. Knowles (Winnipeg North Centre):**

1. What was the final date set by the Public Service Staff Relations Board for full implementation by the Government of Canada of retroactive pay adjustments?

2. For each collective bargaining unit and for each government department or agency, when were these retroactive pay adjustments made.

Return tabled.

MOTION TO ADJOURN UNDER S.O. 26

THE CANADIAN ECONOMY

AUTOMOBILE, STEEL, NICKEL AND OIL PRICE INCREASES

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Waterloo (Mr. Saltsman), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the need for public inquiries to be held into the sudden rash of price increases in the basic Canadian industries of automobiles, steel, nickel and oil, a course of action supported by the labour leaders involved in wage negotiations in these industries.

Mr. Speaker: The hon. member has given the Chair notice of his proposed motion in accordance with the requirements of this Standing Order. I have studied the motion

and given this matter very serious thought. Undoubtedly the matter raised by the hon. member for Oshawa-Whitby is one of great importance and one of serious concern to all hon. members. This does not mean, however, that it is acceptable under the provisions of Standing Order 26. In my view this rule is not intended to apply to circumstances such as those described by the hon. member in his proposed motion. Although he has used the words "sudden rash of price increases", the motion seeks to deal basically with a situation that has obviously existed for some time. This is evidenced by the number of questions which have been asked in the House for some weeks now on every one of the topics alluded to by the hon. member. The Chair must rule, therefore, that the question cannot be put to the House at this time.

ORAL QUESTION PERIOD

LABOUR RELATIONS

INCO STRIKE—ALLEGED DISCOURAGEMENT OF QUICK SETTLEMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs. In light of the interview yesterday with the Chairman of the Prices and Incomes Commission, will the minister say what department or agency of government discouraged a quick settlement of the Inco strike?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I watched the broadcast to which the hon. gentleman refers and I am not sure what his question has reference to.

Mr. Stanfield: Mr. Speaker, I think the question is clear enough. I asked the hon. minister whether he would say what department or agency of the government discouraged, privately or otherwise, a quick settlement of the Inco strike last summer.

Mr. Basford: Mr. Speaker, I should like to check the transcript of the broadcast as I am not aware of any department that intervened in the way the hon. member suggests.

Mr. Stanfield: Mr. Speaker, will the minister say whether the Prices and Incomes Commission in the course of this strike suggested any guidelines or limits of restraint within which the settlement should be made?

Mr. Basford: As I have explained before, and as was explained on the program to which the Leader of the Opposition made reference, the commission has been endeavouring to work out with private price and wage-makers in the country an acceptable formula of restraint.

[*Later:*]

Mr. Stanfield: Will the minister say categorically or will he not say categorically whether the government or an agency thereof discouraged settlement of the INCO strike last summer or, specifically, whether the government or an agency of the government suggested specific guidelines within which the company ought to try to settle the strike?

Mr. Basford: As I said, I will check the transcript of the broadcast. As I also said, I am not aware of any such action by the government but because of the hon. member's question I will check that.

Hon. George Hees (Prince Edward-Hastings): Will the minister accept this copy of the transcript and give his answer right away? I will send it to him.

[*Later:*]

Mr. Basford: Mr. Speaker, I rise on a question of privilege. A while ago I was asked questions by the Leader of the Opposition and I have now been sent a copy of the transcript involved by the hon. member for Prince Edward-Hastings. I am very grateful, but it would seem to me the questions were based not on a quote from Dr. Young but on a question to him, not on an answer from him.

Some hon. Members: Oh, oh!

Mr. Hees: Mr. Speaker, is the minister not aware that the question was not disagreed with by the chairman?

Mr. Speaker: Order, please.

Mr. Hees: In other words, he agreed with it.

Mr. Speaker: May I have the co-operation of the hon. member for Prince Edward-Hastings. I would think this is hardly a question of privilege and I do not think the matter should be pursued further. The hon. member may have an opportunity later to ask a supplementary question.

Mr. Hees: I was not speaking on the question of privilege, just a question of order. I

asked the minister a straightforward question, which he will not answer, of course, because he never does.

[*Later:*]

Mr. Stanfield: Mr. Speaker, I would like to ask the Minister of Consumer and Corporate Affairs whether he would give a perfectly simple straightforward answer to the question I asked and not to the question I did not ask. WIll the minister say yes or no as to whether the government, a department of the government or an agency of the government privately persuaded Inco from an earlier settlement of the strike and, alternatively, whether the government or an agency thereof indicated specific guidelines it did not wish exceeded in the case of that strike?

Mr. Basford: Mr. Speaker, I can only answer on what I have responsibility for and in that light the answer is no.

CONSUMER AFFAIRS

STEEL, NICKEL, AUTOMOBILE AND OIL PRICE INCREASES—REQUEST FOR PUBLIC INQUIRY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, is the minister prepared to make a statement on whether he will have a public inquiry made into the recent price iincreases in steel, nickel, automobiles and oil?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, it might be helpful for me to say two things. First, it was envisaged in the white paper on price stability that inquiries by the commission would be conducted in private in order that they might be conducted as quickly as possible and that public reports would be made for examination by a committee of this House.

Second, perhaps I might read, in view of the hon. member's question and the previous motion, a telegram from the Chairman of the Prices and Incomes Commission to Mr. Larry Sefton, director of the United Steelworkers of America, in which he says:

> As you know the Prices and Incomes Commission has been exploring with unions, business, farm and professional groups and governments the feasibility of reaching agreement on some generally acceptable form of price and income restraints. If a set of commitments of this kind were in place today agreed criteria and review procedures would exist for judging whether or not the recent price and wage increases at the International Nickel Company were justified. As you also know, however, the two major trade union federations—

Some hon. Members: Order!

[Mr. Hees:]

Mr. Speaker: Order, please. I suggest to the minister that if he wants to make a lengthy statement it should be done by asking for the consent of the House to revert to motions.

Mr. Broadbent: Mr. Speaker, the minister's answer does not bear directly on the particular question I asked. Would he agree to have a standing committee of the House conduct an open, public inquiry?

Mr. Basford: Well, Mr. Speaker, it was made clear in the white paper to which I referred that the commission was intending as a general rule to conduct private inquiries, the reports on which would then be referred to a committee of the House for public examination and inquiry. As the chairman of the commission said in his wire, if the two major trade union federations had not rejected the approach of the commission but had agreed, there would now be in place agreed criteria for judging such increases.

LABOUR RELATIONS

VANCOUVER—DISPUTE BETWEEN GRAIN WORKERS UNION AND ELEVATOR OPERATORS

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct this question to the Minister of Labour. Because of what I consider a mutual desire that there be no more waterfront strikes in Vancouver, may I ask the minister whether he has sent a federal conciliator, as requested, to attempt to resolve the difficulties between the grain workers union and the elevator operators? If so, can he report on any progress that is being made?

Hon. Bryce Mackasey (Minister of Labour): Last week in Vancouver I met with both the union and management. Contrary to public opinion, both sides seemed to be encouraged that they would be able to reach settlement without a conciliation board.

Mr. Winch: Do I understand that a conciliator was not requested as reported in the newspapers?

Mr. Mackasey: I have not read the papers on that particular subject.

[*Translation*]

COMPANY OF YOUNG CANADIANS

OPINION OF LIBERAL COMMITTEE MEMBERS AS TO JUDICIAL INQUIRY

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I wish to put a question to the Prime Minister.

Does he agree with the viewpoint put forward over the weekend by a majority of Liberal members who sit of the committee investigating the operations of the Company of Young Canadians and who objected to a legal inquiry being conducted before the committee's report is officially released?

Right Hon. P. E. Trudeau (Prime Minister): I am not aware of any such discussion, Mr. Speaker.

[*English*]

TRADE

POSSIBLE BRITISH ENTRY INTO ECM—SAFEGUARDING OF CANADIAN INTERESTS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Prime Minister in the absence of the Minister of Industry, Trade and Commerce. In light of present negotiations for the entry of Britain into the European Common Market, what steps is the Canadian government taking to safeguard private Canadian trading interests, especially with relation to agricultural products, which would be affected by British membership in the ECM?

Mr. Speaker: The question is perhaps rather wide in scope but the Prime Minister might wish to reply to it.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, you do not have to take into consideration that the department will be answering questions tomorrow, but personally I would like to take that into consideration.

COMPANY OF YOUNG CANADIANS

LETTER TO PRIME MINISTER FROM MR. SAULNIER—ACTION BY SECRETARY OF STATE AND SOLICITOR GENERAL

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Secretary of State. Now that the letter from Mr. Saulnier and the reply of the Prime Minister have been tabled, will he tell the House frankly what he did after this matter was brought to his attention some time between March 17 and April 1? Did he get in touch with the Royal Canadian Mounted Police or with any representative of the police? In short, what action did he take to put an end to the suggestions contained in the letter from Mr. Saulnier?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I have already had an opportunity to explain very fully to the committee inquiring into this matter that—

[*English*]

Mr. Diefenbaker: We are here in the House of Commons, not in the committee. You are to answer in the House of Commons.

[*Translation*]

Mr. Pelletier: Yes, that is what I was about to do. But there have been rumours—

[*English*]

Mr. Diefenbaker: Dont give us more of that supercilious contempt.

[*Translation*]

Mr. Pelletier: —and I say it once more in the House, I have done what the minister could do, within the scope of my extremely limited powers under the act. I met the executive director of the Company of Young Canadians. I informed him of the concern expressed, as I have always done each time I have received expressions of misgivings, whatever the source. I also contacted the Solicitor General from time to time to ascertain whether he had any information he could pass on to me of a nature to either confirm or refute the complaints which had been placed before me.

[*English*]

Mr. Diefenbaker: Mr. Speaker, on what date, following the receipt of that letter from Mr. Saulnier, did the minister first call in the director of the CYC and also communicate with the Solicitor General?

[*Translation*]

Mr. Pelletier: Mr. Speaker, since I do not keep a personal diary, I cannot give the exact date and I must answer: A few days later.

Some hon. Members: Hear, hear.

[*English*]

Mr. Diefenbaker: Is it because he did not keep a personal diary that he allowed this matter to be brought before the House the other day and remained silent when he knew of the existence of the letter?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Solicitor

General when the letter was brought to his attention, and when he had a conference with the Secretary of State in this regard? I am referring to the letter to which the right hon. member for Prince Albert referred a moment ago.

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, the subject matter of the letter was communicated to me immediately after the discussion between the Prime Minister and Mr. Saulnier took place, referred to in the Prime Minister's answer last week in the House of Commons. After that took place there were many discussions between the Secretary of State and myself on this subject, and all relevant information that would have a bearing on the matter was communicated to him by me and from him any that he had to me. Those conversations started immediately after the conference referred to by the Prime Minister and after he reported it to me.

An hon. Member: And vice-versa.

Mr. Woolliams: I am most interested in the Solicitor General's reply. When did he have a conversation with the Secretary of State and communicate it to the Prime Minister, if it was so important? I see the Prime Minister whispering to the minister, filling him in.

Mr. Speaker: Order, please.

Mr. Diefenbaker: Does the minister suggest that he now remembers the letter and the fact that its contents were communicated to the Secretary of State right after the letter was received, although for the last couple of days there has been nothing but silence on the part of the government in regard to this important matter?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Perhaps the Solicitor General should be allowed to reply. Hon. members will recognize that considerable leniency has been allowed in the asking of these questions. This is the question period, not the cross-examination period—

Some hon. Members: Hear, hear.

Mr. Speaker: —but in view of the general interest in the matter raised by these questions I thought some leniency should be exercised and that the ministers questioned should be given an opportunity to reply. That is why I would allow the Solicitor General to reply to the last question.

[Mr. Woolliams.]

Mr. McIlraith: Mr. Speaker, I thank you for permitting me to answer this question by the right hon. gentleman. The right hon. gentleman, if he had listened to the answers—

Mr. Diefenbaker: Which answer?

Mr. McIlraith: —I gave, would have noted carefully that I spoke of the subject matter that was in the letter. I did not see the letter nor did I know of it at that time, but the subject matter was disclosed to me at the time of the interview.

Mr. Diefenbaker: By whom?

Mr. McIlraith: By the Prime Minister of this country, who is very careful about these things.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. McIlraith: And it was communicated to me right after the discussions between Mr. Saulnier and the Prime Minister in Montreal. As I indicated to the House last week in answer to a question, I did not see the letter—

Mr. Speaker: Order, please.

Mr. Diefenbaker: Methinks you do protest too much.

Mr. McIlraith: —but I saw the letter on Friday afternoon.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

NATIONAL DEFENCE

CHEMICAL AND BIOLOGICAL WARFARE— STATEMENT BY JAMES EAYRES

Mr. Barry Mather (Surrey): I have a question for the Minister of National Defence which arises out of his recent statement that Canada's role in chemical warfare is strictly one of defence. In his absence may I ask his Parliamentary Secretary to take notice of the question. Has the minister's attention been drawn to a statement reportedly made by Mr. James Eayres, Professor of International Relations at the University of Toronto, to the effect that Canada has always opened her gas chambers and germ tunnels at Suffield, Alberta, to British and U.S. establishments and that Canada's role has been one of "reckless hospitality"?

Mr. Speaker: Order please. I have some doubts as to the form of the question.

AGRICULTURE

DAIRYING—RECONSIDERATION OF DECISION TO REDUCE SUPPORT

Mr. H. A. Moore (Wetaskiwin): Mr. Speaker, I wish to direct a question to the Minister of Agriculture. In view of the opposition of the Association of Dairy Farmers of Canada to the decision to reduce dairy price support by $10 million, is the minister reconsidering this decision?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, we have asked the representatives of the dairy industry and the many organizations concerned to give us their opinions as to the design of a dairy program for the 1970-71 fiscal year based on $115 million, and they are co-operating in providing us with their assistance in designing this program.

Mr. Moore: A supplementary question, Mr. Speaker. Was there any consultation with the representatives of the dairy farmers of Canada prior to the announcement by the minister?

Mr. Olson: Mr. Speaker, usually all of the changes in programs are announced only a day or two before the beginning of the dairy year, which is April. This year for the first time we have advised the dairy industry, and other industries respecting other matters, four months in advance so that they can help us to do the design work on the program.

[*Later:*]

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Agriculture related to the one asked a few moments ago by the hon. member for Wetaskiwin. In reviewing the dairy policy between now and April 1, 1970, will the minister take steps to restore the quotas to the prairie west, representing some four million pounds of butterfat for Saskatchewan, two million pounds for Manitoba and two million pounds for Alberta?

Mr. Speaker: The hon. member has put the question in the form of a representation which he has to assume will be taken into account.

Inquiries of the Ministry

REQUEST FOR REFERENCE OF MATTERS TO STANDING COMMITTEE

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in view of reports emanating from the Outlook Conference that the 430,000 farmers in Canada may well be reduced to 150,000 in the coming decade, may I ask the Minister of Agriculture to tell us when he will refer some of these matters to the Standing Committee on Agriculture so that they may receive the attention they deserve from the members of this House?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, if the hon. gentleman read the reports of the Outlook Conference or the papers presented there as indicating that the number of farmers would be reduced to 150,000 in the next decade, then I suggest, Sir, that he did not read them very well.

Mr. Gleave: Mr. Speaker, my question to the minister was: Will he give consideration to referring some of these urgent matters to the Standing Committee on Agriculture so that it can meet and discuss them?

Mr. Olson: Mr. Speaker, there will be a number of matters referred to the Standing Committee on Agriculture, such as the legislation that will be brought before the House, as well as the Department of Agriculture estimates and a number of other things. However, I think the hon. member realizes that there are a number of committees meeting now and it is not easy for members to find sufficient time to attend all of the committee meetings.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR STATEMENT ON PROGRAMS TO PREVENT INCREASE

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion. In view of the statement yesterday by the Chairman of the Prices and Incomes Commission that he considers that by next March unemployment east of Montreal will be unacceptably high, will the minister take the first opportunity on motions to outline what programs he and his department are planning to introduce in the immediate future so that this very serious situation does not develop as predicted by the chairman of the commission? On your feet!

Hon. Jean Marchand (Minister of Regional Economic Expansion): Yes, Colonel.

Inquiries of the Ministry

[*Translation*]

As everyone knows, Mr. Speaker, the department under my jurisdiction is seriously getting to work.

We have received a great many applications concerning new industries. We have reached an agreement with the provinces about the creation of growth centres. The effect of our new policy will undoubtedly begin to be felt early next year.

[*English*]

Mr. Hees: A supplementary question. Has the minister honestly not got anything more than these general hopes and wishes for the future? Can he not give us some concrete plans?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, when the Golden Eagle Company builds a plant at St. Romuald and the federal government pays them a $10 million grant, I think it is more than a general statement. In addition, when the McCain Food Company sets up a plant in New Brunswick, it is also more than a general statement. On the contrary, these are concrete solutions.

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion. What does the government propose to do about the growing and serious unemployment problem in Quebec and the Atlantic provinces?

Mr. Speaker: The previous question, as I understood it, was whether the minister would make a statement on motions. I would think that the information now sought by the hon. member for St. John's East would normally be given to the House by way of a statement on motions and not by way of answer to a question at this time.

BROADCASTING

SALE OF TELEVISION STATION CKLW—REQUEST FOR STATEMENT

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I wish to direct a question to the Secretary of State. It concerns the sale of Windsor television station CKLW. Is the minister giving favourable consideration to permitting the CBC to purchase this station in Windsor?

[Mr. Marchand (Langelier.]

Mr. Speaker: The question should be placed on the order paper. If there is urgency it can be considered at the time of adjournment.

Mr. Rose: On a supplementary, Mr. Speaker—

Mr. Speaker: Order, please. Perhaps the hon. member might ask a related question.

Mr. Rose: This is a related question, Mr. Speaker. I would like to ask the Secretary of State when he feels he can make a statement on motions, as he indicated in the House on November 26 he would consider doing?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): All I can say in reply, Mr. Speaker, is that the matter is being studied concurrently by several agencies, and this will not allow us to give answers or to come to decisions as quickly as if there were only one agency concerned.

[*English*]

REGIONAL ECONOMIC EXPANSION

CAPE BRETON—INQUIRY AS TO APPOINTMENT OF CHAIRMAN OF CO-ORDINATING COMMITTEE

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a question for the Minister of Regional and Economic Expansion. I would ask the minister if the government has yet decided on a chairman for the co-ordinating committee in respect of development in Cape Breton?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, is the hon. member speaking on behalf of the president of Devco?

[*English*]

Would you repeat the question?

Mr. MacInnis: Mr. Speaker, might I be allowed the observation of calling the attention of the House—

Mr. Speaker: Order, please. My understanding is that the minister asked the hon. member if he would kindly repeat the question as he did not understand or hear the question.

Mr. MacInnis: Mr. Speaker, on a point of order, it would appear I got an answer before I asked the question and I was asked

another question. Why answer one question—

Mr. Speaker: The hon. member has had a reply. We will go on to the hon. member for Gander-Twillingate.

Mr. MacInnis: Mr. Speaker, I would ask the minister not to answer until he gets the question first. Has the government decided on a chairman for the co-ordinating committee with respect to the development of Cape Breton?

[*Translation*]

Mr. Marchand (Langelier): No, Mr. Speaker.

[*English*]

Mr. MacInnis: A supplementary question, Mr. Speaker. Has the government made any arrangements for setting up this committee?

Mr. Marchand (Langelier): No, Mr. Speaker.

MANPOWER

ATLANTIC PROVINCES—INQUIRY AS TO PROGRAMS TO ALLEVIATE UNEMPLOYMENT

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my question really is supplementary to the question raised by a number of hon. members regarding unemployment in Atlantic Canada. On November 24 the Minister of Manpower and Immigration indicated that any plans the department had would be announced in the House. I wonder if the minister could indicate whether in fact there are any plans by his department to alleviate the heavy unemployment and if he could indicate when he would be prepared to make a statement concerning the nature of these plans?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, the original answer still stands.

Mr. Lundrigan: On a point of order, Mr. Speaker, the minister is passing out tidbits indicating he does have plans. I wonder whether we could have—

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

HOUSE OF COMMONS

DATE OF BY-ELECTION IN SELKIRK CONSTITUENCY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the fact that there has been a vacancy in the representation in this House with respect to the constituency of Selkirk for nearly six months, is the Prime Minister now in a position to say when the by-election to fill that vacancy will take place?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am very shortly going to make an announcement to that effect. A decision has been taken and I had the impression it had been announced but perhaps it has not. I shall make the announcement very soon.

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. If the Prime Minister knows the date and if he thinks we all know it, why doesn't he tell us?

AGRICULTURE

SOYABEANS—INQUIRY AS TO MARKET STABILIZATION PLAN

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Is the minister ready to announce to the House yet any government plan to stabilize the Canadian soyabean market, especially in view of recent representations by the producers organization regarding the present alarming situation?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, we have received some representations in this respect which, as the hon. member knows, we are considering very carefully.

OILSEEDS—STEPPING UP OF DELIVERY

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. In view of the current very low overseas shipment of wheat and the fact that the minister has suggested to agricultural producers a switch in production from wheat to other grains, would the minister give urgent consideration to having delivery of oilseeds stepped up in order that the producers of these seeds may be encouraged to make the necessary switch in production for the next crop year?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, in this current selling season the Canadian Wheat Board is in fact taking that into account and making special arrangements so that rapeseed and other oilseeds can be put in an export position as rapidly as there is a demand for them to be shipped into the export market.

Inquiries of the Ministry

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, a supplementary question. I just want to fully understand and the people of Saskatchewan are naturally interested that when rapeseed has a foreign market the government will permit it to be sold. In view of the fact that Mr. Joe Caplan of Prince Albert was down here for several days a few weeks ago trying to get the consent of the government—

Mr. Speaker: Order, please. Would the right hon. member please ask the question?

Mr. Diefenbaker: —to the sale of rapeseed for which there are orders abroad and hundreds of thousands of dollars available in foreign exchange, does the statement the minister just made mean that rapeseed may be sold outside the quota?

Mr. Olson: Mr. Speaker, I have also had a meeting with Mr. Caplan and what he advocated through the resolution and so on was not a sharing of the market for rapeseed although he is one of the exporters; What he is asking is for him and his associates to have some special consideration so that they may move their rapeseed ahead of all the other farmers. I do not subscribe to that theory.

Mr. Diefenbaker: That is not true.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, a question for the Minister of Agriculture. Will the government consider taking steps to end the confusion that exists and the lack of co-ordination by putting rapeseed and flaxseed under the total jurisdiction of the Canadian Wheat Board?

Mr. Baldwin: A couple of resignations would help.

Mr. Olson: There is no confusion except perhaps in the minds of hon. members opposite who refuse to try to understand the situation.

TRANSPORT

BORDEN-TORMENTINE FERRY SERVICE—LABOUR UNREST—CONTINUITY OF OPERATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the right hon. Prime Minister and relates to the day-long strike on the Canadian National car ferries between Tormentine and Borden. Would the Prime Minister indicate whether he has received a request from the government of Prince Edward Island and whether action is being taken to alleviate the labour unrest among Canadian National personnel on the Northumberland Strait car ferry system, as well as ensuring continuity of service between Prince Edward Island and the mainland as guaranteed under the terms of Confederation?

Right Hon. P. E. Trudeau (Prime Minister): If there was such a request by the end of last week, the matter has not yet been brought to my attention.

Mr. MacDonald (Egmont): Mr. Speaker, a supplementary question. When investigating this matter, would the Prime Minister ascertain whether such necessary maintenance as is required to service the car ferries can be obtained in the home port of Borden, thus perhaps alleviating some of the labour unrest there?

CONSUMER AFFAIRS

ACCIDENT CAUSED BY SPILLING OF SULPHURIC ACID FROM TOY CAR

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is for the Secretary of State and is related to the question the hon. member for Vancouver-Kingsway directed on Thursday last to the Minister of Consumer and Corporate Affairs concerning a toy car with a sulphuric acid battery that may be dangerous to children. Would the minister check with the Canadian Broadcasting Corporation and advise this House if in fact a public affairs program, prerecorded on November 2 for showing on November 27, the same day as the hon. member asked her question, was in fact cancelled and the producer subsequently fired after he pointed out in letters to his member and also to the management the potential hazards of this sulphuric acid battery propelled toy which is now on the market and being pushed in metropolitan areas of Canada in view of the season?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I will be very glad to check whether the allegations made by the hon. member are justified.

[*English*]

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, may I ask a related question of the Minister of Consumer and Corporate Affairs. Because of the continuing safety hazard in some Christmas toys for children,

will the minister take immediate steps to establish safety standards for toys so that parents and others can buy them without fear of possible consequences to their children?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, we have been working on this for six months now and hope to draw up a safety standard. The matter is extremely complicated. The British have been working eight years drawing up such a standard. I am confident we will be much quicker than the British.

SPORTS

ASSISTANCE TO CANADIAN SKI PATROL

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of National Health and Welfare. I do so because I understand it comes under his jurisdiction. As a result of my question addressed to the Prime Minister some two weeks ago, has reconsideration been given to granting financial aid to the Canadian Ski Patrol during the present ski season?

Hon. John C. Munro (Minister of National Health and Welfare): Not that I am aware of, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

GERUSSI PROGRAM—ACTION RESPECTING REMARKS BY FRED DOBBS

Mr. W. B. Nesbitt (Oxford): I wish to direct a question to the Secretary of State in his capacity as spokesman in the House for the Canadian Broadcasting Corporation. Will the Secretary of State make inquiries as to why last Friday morning, on the CBC Gerussi program, one Fred Dobbs, a guest of Mr. Gerussi, was cut off the air when he made some unpleasant and unflattering remarks about the Minister of Finance and the figure of $30 a week compared with a salary of $800 a week?

EXTERNAL AFFAIRS

DISPOSAL OF CHEMICAL AND BIOLOGICAL WARFARE INSTRUMENTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): I wanted to direct a question to the Secretary of State for External Affairs, Mr. Speaker, but in his unfortunate absence I will direct it to the Prime Minister. It relates to the recent statement of the President of the United States having to do with the use of chemicals in war. Can the Prime Minister indicate to the House whether Canada has assurance from the United States that in the course of disposal of the stockpile of chemical and other warfare instruments of this nature the ocean deeps will not be used?

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I am glad to take the question as notice and I will inquire to find out whether such discussions took place.

[*English*]

Mr. Forrestall: I wonder if the parliamentary secretary could indicate to the House whether a statement could be made by the minister in order to alleviate any fear that this might possibly happen?

[*Translation*]

Mr. Goyer: Mr. Speaker, whoever makes the statement on behalf of the government, the responsibility is always the government's.

[*English*]

HEALTH AND WELFARE

HOSPITALIZATION—INCREASE IN GRANTS TO SETTLE SASKATCHEWAN DISPUTE

Mr. John L. Skoberg (Moose Jaw): My question is to the Minister of National Health and Welfare. In view of the fact the federal government contributes upwards of 50 per cent of hospitalization and medicare costs and in view of the fact that approximately $8,000 is all that is needed to settle a dispute at one of the hospitals in the province of Saskatchewan, can the minister say whether any increase in grants necessary to settle this dispute will be shared by the federal government?

Mr. Speaker: The hon. member's question as asked is in the form of an argument. In this respect it is not acceptable.

Mr. Skoberg: On a question of privilege, Mr. Speaker, it certainly was not meant to be in the form of an argument. I can assure Your Honour it is of the utmost concern to the people of Saskatchewan. If I may reword it I will try not to put it in argumentative terms. In view of the federal government's participation in hospitalization and medicare costs in Canada, could the government at this

time say whether it will share in the added grants necessary to settle the dispute in the province of Saskatchewan?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, under the Hospital Act the amount of federal sharing is well known in terms of operating expenses of hospitals. We will share in accordance with that well known formula with the province of Saskatchewan.

Mr. Skoberg: Will the minister say whether any request has been received from the premier of Saskatchewan for any increase in grants to settle this dispute in that province?

Mr. Munro: Not that I am aware of, Mr. Speaker.

INQUIRY OF THE MINISTRY

Mr. Lloyd Francis (Ottawa West): My question is to the President of the Privy Council. Is the government prepared to introduce measures to counteract the depressed state of western football following yesterday afternoon's proceedings?

Hon. Donald S. Macdonald (President of the Privy Council): Yes, Mr. Speaker. I will do my best to prevent this from becoming a further cause for western alienation.

HEALTH AND WELFARE

REQUEST FOR STATEMENT ON HOSPITAL CONSTRUCTION

Mr. Robert Simpson (Churchill): I wish to direct my question to the Minister of National Health and Welfare. Will the minister give consideration to making a full statement before the Christmas recess as to the future construction of the several hospitals which were to be commenced next year under the guidance of his department and which have now been shelved, such as the hospital planned at Hudson, Manitoba?

Hon. John C. Munro (Minister of National Health and Welfare): I will look into the particular hospital the hon. member referred to.

Mr. Les Benjamin (Regina-Lake Centre): A supplementary to the Minister of National Health and Welfare. Have there been any discussions between him and his counterpart in the province of Saskatchewan or between him and the government of Saskatchewan relating to the conditions of payment of the provincial and federal share of costs of hospitalization in Saskatchewan?

Mr. Munro: Mr. Speaker, the discussions that have taken place with the health minister for Saskatchewan are of the same nature as those discussions which are being carried on with every other provincial health minister, namely, going into methods by which the federal and provincial governments can co-operate in limiting costs in this whole area.

EXTERNAL AFFAIRS

FOREIGN AID OBJECTIVE

Hon. Robert L. Stanfield (Leader of the Opposition): My question is directed to the Prime Minister. In view of the doubt that now exists whether the government of Canada intends to achieve the objective of providing 1 per cent of the gross national product for foreign aid in the early 1970's, when will the Prime Minister be able to indicate to the House the government's objective in this regard and whether the 1 per cent objective still remains? Also, in what year does the government propose to meet this objective?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, subject to correction I believe I did say in the month of August when I announced the guidelines for the ensuing year that we would not be moving toward this objective in the coming year, but that we would be keeping the same position in the sense that we are going to be giving substantially more, many millions of dollars more, to external aid in the coming year. We are not, however, increasing our contribution measured as a percentage of our gross national product.

Mr. Stanfield: A supplementary question, Mr. Speaker. Am I to assume that the government has at least temporarily abandoned the goal it previously adopted of achieving a level for foreign aid of 1 per cent of the gross national product in the early 1970's?

Mr. Trudeau: No, Mr. Speaker. We have not abandoned it but we have not reaffirmed it for the coming year because of the reason I gave. We decided that we were going to be giving more but that we could not increase our percentage. We felt that this was necessary in view of the over-all guidelines expenditure program which we announced last summer. We tried to freeze most areas of

government spending. This particular area we did not freeze. We increased the spending but not the percentage.

Mr. Speaker: Order, please. There are a number of hon. members seeking the opportunity to ask supplementary questions at this point. Other hon. members, including the hon. member for South Shore, have been waiting quite a while to ask questions this afternoon. As the question period expired some minutes ago, I have to call Orders of the Day.

• (3:00 p.m.)

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed from Friday, November 28, consideration of the Motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in taking part in the debate on the white paper I might say at the outset that like other hon. members I, too, have studied the white paper. I listened carefully to the speeches made in the House of Commons on Friday, particularly to the speech of the Leader of the Official Opposition (Mr. Stanfield). It set out our position very carefully on the major items contained in that paper.

I have read the Carter Report. I have read the briefs submitted to the Carter commission by trade unions, industry, farmers and ranchers, the extractive industries, the petroleum and mining industry and professional people. As a result of that study, I have come to certain conclusions.

Twenty minutes is not time enough to analyse the complete white paper. As I said on Friday when speaking to a procedural matter, after studying the white paper and reading the briefs, I have come to the conclusion it does not actually contain a tax doctrine. It really changes the whole social being of our nation. In fact, I am not afraid to say immediately in my opinion it is a red manifesto. The government, particularly the Minister of Finance (Mr. Benson), is being very silent about one matter. The minister has made no recommendations at all with regard to something that lies at the very heart of our tax problem, and that is a matter for regret. I refer to the swelling volume of government expenditure.

We have heard on television and through all the other media of communication what a wonderful doctrine is set out in this white paper which I call a red manifesto. I shall have something to say about that aspect later. The government has been strangely silent about its own rising expenditures, but unless hon. gentlemen opposite discharge their responsibility for setting out strict guidelines for coping with rising expenditure the tax burden is bound to increase. It is essential that this tendency to increasing expenditure be resisted and controlled. I shall give a good example. The government makes it clear that people earning $9,000 and upward will be called on to pay more taxes.

Mr. Stanfield: Four thousand and upward.

Mr. Benson: If you are single.

Mr. Woolliams: In 1963, the estimates of the Department of the Secretary of State amounted to $4,788,000. By 1969 they had risen to $342,613,000. In other words, they had increased by 6,800 per cent. If this is called a cutback, what would a real cutback amount to?

This, Mr. Speaker, is what has happened in the case of the estimates of one department since 1963. The Secretary of State is the real czar of this government. In my opinion, the government should establish guidelines and controls concerning the expenditure of the taxpayers money before it embarks on additional taxation measures affecting the wage earning and property owning classes of people as well as others.

Some hon. Members: Hear, hear.

Mr. Woolliams: What effect will these proposals really have on the poor, on those in the low income tax brackets? What effect are they likely to have on trade unionists, on wage earners generally, on ranchers, farmers and small businessmen? I say immediately that the proposals here will not really improve the lot of those living below the poverty line and I intend to set out my reasoning in this regard. Above all, I say they would seriously curtail Canadian investment and restrict the productivity from which all jobs flow and from which all government revenues ultimately flow.

What is this white paper? What is it all about? It is as I have described it—a red manifesto; white pages with a red cover. It is not a tax doctrine but, rather, a policy which if adopted would change the whole democratic process in this country. In ten years, if carried out, it would take over the property of our people together with the means of production as effectively as if it had been done by revolution. In my opinion, it smacks of totalitarianism.

Consider the position of the small businessman, the small corporation or the motel operator in one of our urban centres or in one of the national parks. His tax in the past has been 21 per cent on profits up to $35,000. The money he leaves in the company is used to enlarge the business in order to better serve the needs of Canada. Under these proposals, 50 per cent of that income would go to the government. Let us suppose that in order to comply with parks regulations or urban planning directives he is required to embark on new capital expenditure. How is he, in these circumstances, to raise the money required? Both the Governor of the Bank of Canada and the Minister of Finance have told the banks to tighten the money supply. What will be the consequences of this? The smaller enterprises to which I have referred will no longer be able to serve industry effectively, productivity will fall, and unemployment will reach even higher levels than those which exist today.

What will happen to the farmers and the ranchers if this proposal for a capital gains tax is adopted? Every five years, if the present trend of inflation continues, a farmer will have to raise money to pay this tax.

Mr. Benson: I wonder whether I might ask the hon. member a question; I am sure he would not want to be wrong about his facts. The five-year revaluation applies only to shares in public companies.

Mr. Woolliams: All right. But the minister has not told us what will happen to those farmers who own farms upon which they are not living—farms which are held, in some cases, as investments. Production in Canada is not based on the amount the government spends but on the development of our resources and services.

This paper endeavours to lull the average taxpayers into its acceptance by holding out the prospect of reduced taxation. There is talk of increased exemptions, but their benefit is likely to be destroyed by the effects of continuing inflation. In my opinion, the only fortunate thing is that the government itself will, in my opinion, be destroyed before Canada makes the mistake of carrying out this plan. The hon. minister reminds me—and I hope he will not take offence at this—of a small town bookkeeper. When he tells us that 750,000 people will be taken off the tax rolls, I say to him that this is a false statement, that he is using a pernicious argument. I seriously challenge his figures and trust knowledgeable financial journalists at all levels will not only question the basis of this vexatious argument, but explode it. Let us not gobble up the dogmatic, uneconomic dogmas of this little bookkeeper. If the tax saving to the average taxpayer amounts to between $15 and $20 a year, how are those presently living at the poverty level to be assisted? All this confirms the minister's statement that he believes people can live on $30 a week. What fraud! What hypocrisy!

I turn now to the effect as far as the provinces are concerned. We have all heard of those conferences at which provincial premiers meet with leaders of the federal government, and are familiar with complaints that the federal government has, in effect, changed the nature of the constitution by altering the financial set-up and the relationship between itself and the provinces. Whether it applies to medicare or to any other cost-sharing program between the federal government and the provinces, the result is the same: the central government thrusts the program on the provinces, says it will pay its share and then leaves the provinces to bear the financial burden. If the minister is right in saying that the average taxpayer will pay less in federal taxation he is, in effect, saying that the provinces, which have to bear the burden of such items as medicare, will be forced to impose higher sales taxes in order to meet their obligations. Municipal taxes will also increase. So, the average taxpayer will have to pay more, in the over-all picture, even if his income tax does not increase.

I maintain that the position of the provinces and of the municipalities has been overlooked. The minister has not taken into account the effect of these proposals across the whole board. I agree with the hon. member for York South (Mr. Lewis); the fact is that the effect of removing 750,000 people from the tax roll does not amount to $1 billion. He can shake his head, but he did not deny it on Friday and he cannot do so today.

Mr. Benson: I do deny it now.

Mr. Woolliams: Well, time will prove whether I am right or not. But I do not think he can deny that the effect of this white paper would be to cause provincial and municipal taxpayers to pay more. They are likely to end up with less take-home pay.

• (3:10 p.m.)

Mr. Benson: I deny that too.

Mr. Woolliams: The minister can say what he likes. The fact is that this document contains a hybrid dogma which purports to take over the means of production and puts union workers into an economic straitjacket. It is socialistic; it keeps the rich rich and privileged. In that regard it has a fascist approach. The document is inflammatory and revolutionary. In my home city, the Liberals held a dinner to support the Liberal party and to raise money for the government. Yet the minister was booed by his own supporters.

The small businessman, the small corporation, the farmer and rancher will be forced out of business as a result of the proposed capital gains tax. The implementation of a capital gains, which requires such gains to be added to one's income, is confiscatory and will force sales of farms and businesses either during the lifetime of the owners or at their death, when many farms and ranches in western Canada are passed on to the sons.

Mr. Benson: There is no capital gains tax on such transactions.

Mr. Woolliams: If the minister does not call an estate tax a capital gains tax, then I do not know what he would call it. I would be very concerned at the implementation of the kind of capital gains tax proposed by the white paper. It would be different if a certain percentage were applied on capital gains, so the people would know where they stood; but on the basis of the proposals of the white paper the minister would have to confiscate property and put our farmers and ranchers out of business in order to collect his tax.

The will of the average Canadian cannot be shattered; it must be softened, bent or guided. I am not suggesting that the minister is trying to tyrannize the Canadian people, but I do suggest that his proposals are going to compress, enervate, extinguish and stupefy us all. These liberal Liberal hybrids are endeavouring to reduce this nation to nothing but a flock of timid, industrious folk of which the government will become the arrogant, dictatorial shepherd. According to Francis Neilson in "The Cultural Tradition", the greatest insult you can offer to the human race is to regard it as a herd of cattle to be driven to the selected pasture.

What the minister is really doing through these proposals is to follow his own profession. He wants to reduce Canadians to a nation of small, petty bookkeepers. Instead of energizing our human resources, he wants to engage us in the task of keeping the nation's books. The minister and his socialist friends see themselves conducting bookkeeping courses and setting up offices in the living room of every suburban home and farm kitchen. Everyone will be a bookkeeper.

I should like to know who is going to pay for all the appraisers who will be required to evaluate property. We will experience complete chaos, the same kind of chaos that occurred in Great Britain when they introduced the capital gains tax. Perhaps the minister himself never experienced, prior to his appointment to the government, how hard it is to make a dollar.

The people who will be most affected by these proposals possess talents which are highly rewarded here, as in other nations, irrespective of political system. We will suffer a further brain drain to the United States, and there will be a deterioration in capital investment here in favour of more go-ahead nations. The university graduates of the nation, after spending several years at university, are going to be asked to bear the main brunt of this country's tax burden. If life seems more attractive to them in the United States, the brain drain will increase. To my mind, these proposals mean that we will lose our scientists and those in the professions.

As the Leader of the Opposition said, nothing will give greater assistance to foreign powers to take over the capital resources of this nation than the capital gains tax that is suggested in this so-called white paper. As the minister knows, desire for monetary profit competes with other factors, such as preference for leisure and other pursuits. Work also entails fatigue and anxiety. Therefore, it follows that when monetary reward is lessened by taxation, personal situations must be reassessed.

This white paper will not be endorsed by members of our labour unions. Many workers in labour today earn up to $10,000, even $15,000, and they are the people who will be most affected by these proposals. They will

have to carry the tax burden of the nation. I should like to hear what the union leaders of Canada have to say about the minister's white paper.

In addition to the cost of appraisers, who is going to pay for the expensive litigation proceedings which will surely arise from such a complicated tax structure as this? I should also like to know how these tax changes will affect provincial revenues and the dollar thirsty urban centres, where at the present time education imposes such a high tax burden. Nothing has been said by the minister about whether the federal government will increase its share of the cost, and the white paper also sheds no light on this point. In fact, I believe the statement was made at one of Liberal Party's thinkers' conferences that they had nothing to do with urban centres or municipalites; that if they were in financial trouble, it was their own responsibility.

Mr. Benson: Mr. Speaker, could I ask the hon. member a question. On this question of sharing with the provinces, has the hon. member looked at table 13 on page 94 of the white paper?

Mr. Woolliams: The provinces have already examined the minister's tables, and the premier of Saskatchewan for one is not enthused at the revenue sharing proposed. Even the Liberal premier of Newfoundland, Premier Smallwood, is not happy with this Liberal government, so I do not know why I should be impressed by the minister's tables. These Liberal provincial premiers have been telling the Minister of Finance that his proposals are going to cut down the revenue of the provinces, which in turn means reducing the amount paid at the urban and municipal level.

Mr. Benson: You just have not read them. You are not doing your homework.

Mr. Woolliams: Talking of homework, you said that 750,000 people would be taken off the tax roll.

Mr. Speaker: Order. Both the minister and the hon. member who has the floor are forgetting the Chair.

Mr. Woolliams: I am sorry, Your Honour. I became so enthused with the "red manifesto" of the Minister of Finance that I forgot myself for a moment or two. Before I was interrupted by the minister, I was asking who was going to pay for the property appraising that will be required under the capital gains tax, and for the expensive litigation that will follow. I also say that provincial revenues will be cut back as a result of these tax changes. They will do nothing to assist the provinces or municipalities, and I suggest chaos will be the result.

When a dispute over payment of income tax arises in this nation, what happens? The department, sometimes with the assistance of the "legal beagles" of the Department of Justice, take over companies' books and statements while the owners of small companies fight the government for their rights under the nation's tax structure. When this valuation day comes, in spite of what the minister will say, what will happen in respect of farms, ranches, stock and those properties to be valuated? Who will do the evaluation? Who is going to evaluate the millions of acres of land in Saskatchewan, Alberta, Manitoba and the rest of Canada? Who is going to evaluate the development in urban centres in Canada? I say this will reduce the whole thing to chaos.

• (3:20 p.m.)

Mr. Speaker: Order, please. I regret to interrupt the hon. member but his time has expired unless he has the unanimous consent of the House to continue.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to say a few words about how this white paper will affect the co-operatives, the farmers and the people who work in my constituency and in my part of Canada. Let me congratulate those who prepared the paper. It has a very nice cover, some very nice designs and some very nice artwork. However, most of us are concerned about what the proposals it contains will do to the Canadian economy as a whole and whether our institutions will function better. We are wondering whether, as a result, we will have a better society.

I am very much concerned about one proposal in this white paper which relates to taxation of co-operatives. Co-operatives have been very important to the rural areas and those regions in Canada which have been at an economic disadvantage. I have in mind those regions which find themselves at a disadvantage vis-à-vis the concentration of economic power. These are the areas in which these co-operatives have grown and flourished. The leaders were people who attempted

to achieve some bargaining power and to provide the things these areas needed at lower cost.

Let me refer to the views expressed in the *Financial Post* on November 22, 1969 regarding this white paper. The article reads:

> What complicates consideration of the impact of the white paper on co-ops and credit unions is that it is a tax package. These organizations are holding back formal responses until their advisers have looked at the whole package.

The Equitable Income Tax Foundation did not hold back its opinion until the whole package was considered. It said, and I quote from the same article:

> An official of the Equitable Income Tax Foundation, which has campaigned to have co-ops taxed exactly as other corporations are, suggests that the white paper might still leave co-ops with some tax advantage. However, it would not be so marked an advantage as it was.

In other words, in the opinion of the Equitable Income Tax Foundation these proposals will result in a more severe tax on co-operatives than ever before. If the Government, in its wisdom, is convinced that it is no longer necessary to encourage co-operatives to grow and develop I suppose it is justified in following such a course. There was a time when the government did consider that co-operatives were important and absolutely essential to the improvement of conditions for people in certain areas of Canada. It might be worthwhile to call to the attention of the government some of these instances.

I should like to quote from a book entitled "Prairie Progress," which is a history of progress in western Canada. It was written by J. F. C. Wright. On page 10 of this book appears the following:

> Today (1955) the history of Saskatchewan agriculture and therefore the essential history of the Province of Saskatchewan since the turn of the century, cannot be evaluated without an understanding of parallel co-operative development. Nor can the significance of this co-operation be grasped without a comprehension of early prairie settlement and the economic problems confronting pioneers of European heritage taking over a vast and potentially agricultural land from scattered tribes of nomadic plains Indians—

He goes on in that book to describe the development of co-operatives by stating:

> It was out of the organized prairie farmers' early struggle with railroad and grain elevator companies and the Winnipeg grain exchange that producer (marketing) co-operative enterprise emerged to condition prairie farmers for subsequent development of consumer co-operation.

I wonder whether this government considers that this phase has ended. Does it consider it unnecessary to administer the taxes and the policies of Canada in order that co-operatives may continue to accumulate capital and do the necessary job? If this is the case, and if that is the position the government is taking, I think it is sadly wrong.

At the present time in western Canada we have a need to reorganize grain handling facilities. At least two thirds of these facilities are in the hands of co-operatives. These co-operatives will have to absorb a considerable loss in depreciation if these grain handling facilities are to be effectively reorganized. This proposed reorganization is not an attractive undertaking. The only major terminal elevator which has been built since the 1930's was built by the Saskatchewan Wheat Pool in the Vancouver area. The money was raised locally in Saskatchewan through participation by farmers like myself. They contributed to the cost of these handling facilities because they were absolutely necessary, not because they would be profitable. The same thing is true of our local facili ies on the prairies. The government at this time should be considering ways to make it easier for co-operatives rather than making it more difficult for them to raise and retain capital. The government should make it easier for these organizations to serve those regions in this country which are at a disadvantage.

• (3:30 p.m.)

We might take a look at the situation in respect of co-operatives, such as Canadian Co-operative Implements, the establishment of which is another major attempt to give farmers some advantage on the consumer side. When Canadian Co-operative Implements was established, not one but three governments provided capital to meet the challenge that existed in respect of getting a better price for farm machines. The Saskatchewan government, at that time a Liberal government, offered financial support to a wholesale co-operative in order to investigate and formulate a practical plan to deal with the problem in respect of farm machinery prices. In 1944, when Canadian Co-operative Implements Ltd. took definite action to purchase a factory in Winnipeg, funds were made available by the three prairie governments. A loan in the amount of $250,000 was to be repaid on a 20-year amortization basis.

Now, when we have a commission which has been working for two years in an effort

to find an answer to high machinery costs and a way to meet those increasing costs, we have a government that intends to increase the taxation for one of the few organizations, Canadian Co-operative Implements, that is attempting day by day, through its factory in Winnipeg, to deal with the problem of machinery prices that faces farmers. I do not need to mention only western Canada. In rural Ontario and in the maritimes there are co-operatives through which people attempt to meet the economic conditions they have to face. Maritime Co-operatives is the single most important agency in the Atlantic provinces. It imports feed grain and supplies the farmers of that area with the feed grain they need. Co-op Fédérée, a local co-operative in Quebec, is performing the same function. Surrey Co-op, on the coast of British Columbia, is also performing the same function. Does the government not know the role that is played in the economically disadvantaged areas in Canada by the co-operative movement?

Surely, big business in Canada is not worried about the co-operatives, how big they are and the role they are playing in Canada. Can they be considered a threat when in Saskatchewan, after all these years, the co-operative movement probably does not handle more than 7 per cent or 8 percent of the retail business in that province? It is not the Federated Co-op, with its oil refinery at Regina, that dictates the price of farm fuels in Saskatchewan; it is Imperial Oil, Gulf, Shell and Texaco. However, so far as I know in western Canada the co-operative refinery has the only significant refining and production capacity that is totally Canadian owned. The balance is owned outside Canada. Do we wish to make it just a little more difficult for them to operate or, perhaps under this proposal, a great deal more difficult?

If there is one area to which the government should be urged to direct its attention, it is this area and the area referred to by the previous speaker. Before the government puts these changes into effect I say it should ask itself two questions. First, was the type of tax legislation which was designed to fit the needs of the co-operatives justified in the first place? If the government can say that taxation policy was not justified in the first place, then perhaps it has the right to say it is not justified now. But if the government cannot say it was not justified in the first place, then it certainly cannot logically say it is not justified now, because the circumstances in these disadvantaged areas have not improved that much.

A Canadian press story which appears in the Ottawa *Citizen* of November 24, 1969 bears the headline, "Too many farmers, not enough money". Do not forget it is probably the farmers more than any other group who are served by the co-operatives. Labour, to a very great extent, has depended on the labour unions to protect it within the financial milieu we have in Canada. The farmers, to a much greater extent, have relied on the co-operative movement. Let me give you an example of the load some people wish the co-operatives to absorb. In the Toronto *Globe and Mail* of November 26 there is an item headed "Export company may be formed by Alberta Pool". The reference is to the Alberta Wheat Pool. Of course, I would forecast that if such an export company should be formed it would be formed in concert by at least the three prairie pools, and perhaps the United Grain Growers. This would take a great deal of financing. A great deal of capital would be required. If it is done, it will be done only as a service to the farmers of western Canada and not as a profit-making operation. Anyone who is knowledgeable about the grain handling and marketing situation in western Canada is aware of this.

The history of the co-operative movement will show it is a movement that serves the people and is not a movement primarily for the purpose of making money; that never was the purpose. Perhaps some members on the government side should do a little reading and discover that this is the situation.

Finally, I should like to say something about the proposed changes which will affect the farmers. These are nicely wrapped up in the white paper. The changes which are proposed are set out, but the whole idea is contained in the first paragraph. A number of the proposals would have an impact on the farmers who are taxable under the present system. It is estimated that 70 per cent of the farmers who file taxation returns will have a reduction in their tax, while about 30 per cent will have an increase in their tax. The method that will be used to do this will be the imposition of a tax on capital gains, most of which would come from the turn-over on machinery. Again, the proposal refers to the same industry which was mentioned in the story on the outlook conference by the Canadian press headed, "Too many farmers, not enough money." According to this same

article, over the next years there will have to be a considerable economic adjustment. There is a reference to the number of farmers being reduced from 450,000 to 150,000. Even if a quarter of that number of farmers were to stop farming it would be disastrous.

• (3:40 p.m.)

Mr. Speaker: Order, please. I regret to advise the hon. member but the time allotted to him has expired.

Mr. Hyl Chappell (Peel South): Mr. Speaker, in my opinion many of the white paper proposals for tax reform are excellent—there is no mistake about that—but they can be improved upon. Certainly capital gain, if a true capital gain, should be treated as income. No one questions the fact that the cost of child care and unemployment insurance payments should be deductible. But while the approach appears sound from a taxation review standpoint, it is really a document for social change which appears to have been drawn up by economists without consultation with social scientists. Has there been sufficient consideration of the long term effect on society when the approach, although a rational one, is substantially directed to the transfer of taxation burden from one group to another, which is already heavily burdened.

I should like to refer to some statistics. All governments in Canada hope to raise, and will spend this year, approximately $27.6 billion, of which $7.8 billion will come from income taxes. The Dominion Bureau of Statistics reported that in 1967, the two and a half million wage earners, earning between $5,000 and $10,000 earned 46 per cent of the income and paid 44 per cent of all income taxes; that a much smaller group of less than 500,000 or 7.5 per cent of the total had incomes of over $10,000 and paid 35 per cent of the total income taxes—the taxes in the upper income levels being as high as 80 per cent. The proposal is to obtain even more from this group as capital gains are brought into income. Under the proposed reform, taxes would remain the same for about 820,000, be eliminated for 750,000, reduced for 3,100,000, and increased for about three million.

The basic philosophy of the paper in respect of personal income tax is found in paragraphs 1.6, 1.9, and 1.19.

Paragraph 1.6 reads as follows:

> A number of goals and standards have guided the government in its approach to reform. They include a fair distribution of the tax burden based upon ability to pay; steady economic growth and continuing prosperity;—

Paragraph 1.19 reads:

> More than any other tax the personal income tax can be carefully adjusted to the income of the individual and the circumstances which affect his ability to pay—

Paragraph 1.9 reads:

> There is no single or simple rule for increasing the tax rates up the income ladder that can be said to be the "right way". It is a matter of opinion, of judgment.

The criteria seem to be the ability to pay and the recognition of modern social needs, but tied to steady economic growth with continuing prosperity.

Exemptions from taxation for 750,000 and reduced taxes for 3,100,000 is an admirable and I believe a realistic goal. I am sure every member of the House wishes we could afford to exempt or lower taxation for even more, but desirable as this is and recognizing that it must come, can we afford to accomplish it at the expense of an increase on the middle group? I agree with the principle. I question the timing. When do we load the bus to the extent that it cannot reach its destination?

This summer I took a trip through communist socialistic countries. In Bulgaria in particular it was apparent that they had taken over all accumulated wealth. Then, they divided up the pie and had a banquet, but no one was left with capital or incentive to provide dough for another pie. Obviously, they killed the goose that produced the eggs. Now, they are in real trouble, begging for tourist dollars, but they do not have people with capital or the profit incentive to create the desired tourist industry.

The middle group and the upper 7.5 per cent now pay a very large share to provide old age security for their own parents and all of the other parents as well as for family allowances and other social benefits for themselves and all the others. In addition, they pay taxes to relieve regional disparity in less fortunate parts of the country.

Humane and desirable as it may be to reduce taxes and to increase modern social services, is it right to further increase the load on this middle group? Is it their responsibility to accept this added load now, or is there another way? Can we not say: here is our objective, here are our priorities? As we become more efficient and learn to save, as our national income increases, we will do these things in this order. Our gross national product, and thus our tax base, is bound to increase substantially. The labour

force, and thus the number of taxpayers, is increasing rapidly. Wages, and thus taxation, are increasing. Regional development is converting certain sections of the country from a loss to a profit position, and the increase in the national product, with corresponding increases in sales taxes and other revenue, could accelerate if we do not lose confidence. We could implement this program of reduction in a year or two without increasing taxation on the middle group except to treat their capital gains as income.

As I said earlier, the philosophy of the paper seems to be a distribution of the tax burden based upon ability to pay and a recognition of modern social needs, tied to steady economic growth with continuing prosperity. Nowhere in the criteria is incentive mentioned. Nowhere do I find any attempt to establish that a further increase in taxation on the middle income group will not cause a reduction in recovery in 10 or 20 years. Let us not go too far along the well meaning but destructive road of socialism. Look at the example of England which socialism turned into a welfare state but dragged down to a third rate producer of wealth.

I agree there is a need to help, but I question the timing. It is not a kindness, but is in fact a gross blunder, to increase the load on the middle group if we impair incentive and thus impair production and the accumulation of wealth. We might lessen confidence and, as a result, adversely affect the steady economic growth and continuing prosperity which is part of the criteria.

Today, few decisions of major importance are made at universities or in big business without all of the disciplines being brought into consultation. I had the feeling after reading the white paper that it had been prepared by economists who worked from statistics only. Basic research in social science is not immediately available in Canada, but before taking such a major step I suggest that historical economists check to see what happened to incentive in England at this stage of the tax climb, that this be looked at from the sociological and psychological point of view to see whether this step would be harmful to the nation.

Think of the young couples starting out in life hoping to accumulate sufficient savings to start a business and buy a home. Their taxes are high enough now. It may be said in reply that this is not a large increase, but we must look at the whole picture.

[Mr. Chappell.]

• (3:50 p.m.)

In 1970 municipal taxes in Ontario, and I expect in other provinces, will go up substantially. So also will provincial taxes. How much can these people take before they begin to believe that incentive and energy are disadvantaged, and that it is impossible to buy your own home or start a business? Will their attitudes change to why bother? Will we be encouraging them to join some protest group demanding that education be completely free for their children, that they get a larger pension at a lower age? Will they simply give up and begin to believe that they are owned by the government and they, in turn, must demand everything from government? What would the social research people say about this?

We are a young nation with a great future if we handle our resources correctly. Surely, the main resource is the imagination, enthusiasm and the energy of the people. At what point can we say to them that federal taxation is stable and that they can push on with their plans within a known framework of tax obligation?

As I said earlier, I agree with taxation on capital gain. There is no reason why this source of income, to all groups, should not be taxed in order to increase exemptions and lower taxes for those in the lower income group, but there should not be any tax on a bona fide home or homestead, or on the furnishings except where the value of these furnishings is relatively high.

Paragraph 3.19 reads in part, "Generally, capital gains on the sale of homes would not be taxed." I disagree with this interpretation. In my opinion, there would be taxation in almost every area in Canada where there is growth.

Paragraphs 3.22 and 3.23 provide for a tax on personal belongings and furnishings such as stamps, jewelry, fur clothing, paintings, sculpture, rugs, books and other works of art if the sale price exceeds $500.

A homeowner would be allowed an increase of $1,000 a year, plus $150 a year for improvements. The average person would spend, say, between $500 and $700 a year on improvements so a complete record of screen doors, storm windows, new hinges, new water taps and roof repairs would have to be kept. In many cases, these records would have to be maintained for as long as 40 or 50 years. Unless there were audited statements, imag-

ine the difficulty to prove that accounts for improvements were authentic, after even 10 years.

Almost every home would have to be evaluated at or close to valuation day, presumably some time in 1970. To prevent abuses, the government would have to evaluate also. For those with rather expensive homes they would be wise to have two evaluations. At the moment appraisers are scarce and expensive. I expect the cost to appraise a home would be from $200 to $1,500. If only 50 per cent of the owners wished to have their homes appraised as of valuation day the available appraisers could not complete the task in 40 years and I expect the fees would become ridiculous.

It may be argued that evaluations are not necessary, that both the owner and the government can reply on the sales recorded in the registry office as of valuation day, and that people won't want their valuations too high because they could be used for succession duty purposes. However, the vast majority of homeowners will sell their present homes and pay capital gains tax long before their estates will be called upon to pay succession duties. Moreover, the records in the registry office are very little help in determining value if the home is any way different from the others on the street or if the owner has made improvements. In all of these cases, the real value can only be established by adjustments after inspection by experts.

I have seen valuations vary as much as 100 per cent between owners and metropolitan Toronto authorities, between owners and the Ontario government, and between owners and the federal government. For a relatively modest home worth perhaps $32,000 there could very well be a difference of $4,000, which could cause an owner to pay on a capital gain of $3,000 if he sold one year after valuation day. I can see no reason for assuming that these differences in valuation won't exist between the Department of Revenue and owners as they have in the past between expropriation authorities and owners.

If one goes to the trouble to have his home evaluated he should be able to call upon the department to accept it immediately and, if there is a difference, that a tribunal be immediately available to determine which figure is correct. It is not the same as determining the value for succession duty purposes. In that case the home is there for an inspection and evaluation at the date of death, but for capital gains tax on the first sale after valuation day we must establish value as of some day in 1970. It cannot be left until an owner sells in five, ten or 20 years to establish what the value was in 1970. The witnesses would no longer be available and the owner himself might be dead, leaving the dispute to his widow.

Add to this the need to valuate paintings, sculpture, rugs, jewelry, fur clothing, books, silver and other works of art. Evaluators in these fields are even more scarce and less qualified, but many homes would require the services of from one to five of these experts. The cost to the government to collect, and the cost to the owner and the government to evaluate, would far exceed the recovery. The nation would have injured itself.

Trying to keep and maintain records of home improvements and articles purchased and sold would require a bookkeeping system and an office. Our wives would become badgered bookkeepers rather than homemakers. It is an invasion of privacy. We would have the constant presence of the tax collector in our homes. Big Brother would want to know every last detail of our personal affairs. The tax would be even more annoying than the radio licence of the past.

The family that sacrificed present pleasures in order to collect a few paintings and other works of art would be penalized for this contribution to society. Much that would be taken would not be capital gain but straight confiscation. Three bedroom homes in the Toronto area now sell for around $35,000. These homes have been going up at the rate of one per cent per month because of the increasing construction cost. It just happens that inflation is at its peak in the construction industry.

If an owner sells his home he must replace it with another. There is no way for him to get along without a home. To take away from him part of the inflated price which he received for his home without taking into allowance the inflated price which he paid for the new one is confiscation. A home that sold three years ago for $40,000 would now sell for $53,000. Under the new system if the owner sold for $53,000 he would have to pay $53,000 to replace it, but he could not. He would be allowed to deduct $1,000 a year, or $3,000, and pay perhaps $5,000 of the $10,000 increase in value in taxes. He would then have to settle for a $48,000 house. Even a relatively modest

home worth, say, $32,000 goes up at least $2,000 a year and the owner would have to pay taxes on half of it.

It would be an interference with freedom. No longer could an owner change homes every five or ten years as his family changes. He would be nailed down to the same home for life. It would be no answer to say he can go into an apartment. Apartments are now being converted to condominiums, and the prices of condominiums are following the prices of homes.

In conclusion, Mr. Speaker, I wish to repeat the warning that appraisers will be over-burdened with evaluations of commercial and other income properties without touching homes.

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, on reading the white paper proposals for tax reform I came to the conclusion that anyone in the business community, in fact any citizen of Canada who wished to ascertain what the government proposed to charge individuals to reside in this country of ours, this so-called land of the free, should consider the white paper required reading in order that they will understand the ramifications of the proposals for tax reform.

• (4:00 p.m.)

It is my considered opinion that the citizens of Canada do not fully understand the proposition of the government under this heading of tax reform. As a result of all the publicity in the media and the advance propaganda that has been put forward by government members, the citizens have understood that the government was embarking on an investigation and a study, the prime purpose of which was to institute a tax reform. I believe the people understood the term "reform" to mean there would be an attempt by officialdom to bring some consistency out of the chaotic condition of taxes at the various levels of government. I believe they felt the prime purpose would be to make a more equitable basis of taxation for all the citizens of Canada, to close the loopholes and ensure that everybody paid a fair share. In this way there may be some hope of tax reduction, especially for those overburdened with taxes at the present time.

One does not have to look at this paper before us for very long to realize that it does not cover that aspect of tax reform. By the admission of the Minister of Finance (Mr. Benson) himself, the paper is nothing less than a carefully worded economic document which will, in the main, increase by millions of dollars income tax derived from the citizens of this country. In my estimation it is not a proposal for tax reform. As far as the middle class wage earner is concerned, the farmer and the fisherman, in reality it is not tax reform but confiscation by taxation. Time and time again when this government has wished to pursue its policies on any controversial subject raised in this House, it has pointed out that the action taken is as a result of a mandate of the people of this country. I contend that the government has no mandate for these proposals for tax reform. Their mandate in 1963 was on the basis of a balanced budget without tax increases; their mandate in 1968 gave no promises but stated that there would be balanced budgets and that things would be different under the just society.

Let us see, Mr. Speaker, what an investigation of the "balanced budget" and "no increased taxes" means. Since this government took office in 1963 we have had an increase in income tax; we have had an additional surtax; we have had a social development tax; we have had a corporate refundable tax; a tax on building supplies; a compulsory tax for the Canada Pension Plan; a tax for the Canadian Medicare plan and, in addition, the introduction of a new estate tax. All that these proposals do for the people of Canada is indicate still more taxes at a higher rate. I think the government is moving away from the basic principles of taxation. I have found, as I am sure other hon. members have, that Canadians are willing to pay their fair share. But when we consider that in addition to federal taxes the people must pay provincial taxes, municipal taxes, all types of sales taxes both apparent and hidden, the tax burden is very onerous indeed.

It seems to me, Mr. Speaker, that the primary purpose of government is to raise funds by taxation for the purpose of accomplishing those aims and objects, of providing those goods and services which cannot be obtained by the action of the individual, the municipality working in concert or by the province itself. With this in mind, the government should set down certain guidelines to see that expenditures do not exceed revenue. This is not the case today. With the competence of the new IBM machines and the ability to mechanically forecast future trends, it seems to me the object of the government should be to take into account average expenditures

through the years and project them to the future to see how much is needed. The appropriate taxes could then be levied to accomplish the government's goals.

May I illustrate some instances in which I feel the government has been absolutely wrong in this regard? Through this tax proposal we are being asked to legislate greater tax burdens on many Canadians, but looking at the record for the past few years how can this be justified? Just look at the increase in expenditures of government departments. The addition of new departments over the past three or five years has cost literally hundreds of millions of dollars. Had this money been diligently applied to slum clearance perhaps it could have solved some problems in our major cities. But the money was not spent that way, Mr. Speaker, so this tremendous project is still ahead of us.

Imagine what those hundreds of millions of dollars could have accomplished in the attempt to obtain clean water, air and soil. Then there is the increased expenditure in the Prime Minister's (Mr. Trudeau) office itself, and the refurbishing of all those other offices over the past three or four years. I do not object to refurbishing nor to ministers having up-to-date equipment, but the cost of all this would have provided new schools for Indians and Eskimos. These will have to be provided anyway, and the taxpayer will have to pay. And what about the cost of refitting the *Bonaventure,* our aircraft carrier, now destined for disposal by the government? This expenditure alone could have provided $1 million for every province in Canada for a new high school, a new sub-college or a new school for Indians and Eskimos.

Then, there is the Company of Young Canadians, Mr. Speaker. I do not wish to deal with their present problems but the money allocated to this group alone, without supervision, would have been ample to pay in two years' time for all the grants to small fairs and 4-H clubs that are being cut off this year as an austerity measure. It seems to me that the government is not moving in the right direction. We are faced with the dilemma of the government seeking increased funds and those who are forced to pay are wondering when these monies will be channelled in the right direction.

• (4:10 p.m.)

The minister has indicated that this is a motion to refer proposals for tax reform to a Parliamentary committee for study, and this is true. I hope that the history of this committee will not be the same as the history of past committees of this parliament in which the opposition members sat as a minority and the chairman was a member of the government Party. If this were the case it would then be possible for the majority in the committee to produce recommendations to the government on tax reform. I hope there will be ample time provided for all those who are concerned with making recommendations on tax reform. I trust some of the matters that have been outlined by my leader in this House, and which are of such vital importance to Canadians, will receive adequate attention from all sides. Only in this way will it be possible to present a fair case, I hope the history of some committees will not be repeated, and that this committee will be genuinely interested in the welfare of Canadian citizens. I hope that the Committee's study and report will indeed be the basis for a tax reform meant to bring about equality of taxation and not place the burden on any individual class in this country.

As a result of the actions of this parliament, Mr. Speaker, we have over the past few years lent hundreds of millions of dollars to small businessmen, farmers and fishermen. We have established new businesses and attempted to develop economic units in all fields so that the over-all productivity of this country could be expanded. Now, what are we doing, Mr. Speaker? Now that we have placed a tremendous number of citizens of this country into that category, by these proposals we are taking away from them the funds necessary to develop their business. We are taking away from them all incentives to build up a business or establishment, with pride of ownership for themselves and something that can be handed down from family to family.

If I have one main objection to this paper, Mr. Speaker, it is the feeling it is designed with the aim of making it practically impossible to hand down any type of business from one generation to another. I feel this is disastrous in this day and age because, to my way of thinking, this has been one of our greatest incentives. This practice has been the driving force that has given us our wheelers and dealers, the men who take a chance not only for the love of business and business combat, but for the fact they are going to create a legacy for those who come after them. I feel these proposals will destroy this incentive and

will thus destroy the very fibre that has made Canada great. We cannot survive under these proposals. There must be a steady growth in gross national income. All that we are doing is removing the incentive I have described, as well as the necessary capital to accomplish these ends.

No matter how you approach it, the financial policy of this government since 1963 has been formulated around the single principle of removing from the control of individuals the greatest possible amount of capital in order that Canada's economy would no longer be directed by the private sector, but would be under the direct control of the federal government. This has been apparent from their regional directives and the direction of all kinds. I feel this is one more step on the road to ruin for many thousands of Canadian people. They do not deserve this treatment. I am sure once hon. members of this House realize the end result of the changes in taxation brought down by this white paper, they will do everything possible to bring about amendments that will give Canada a working tax base that will be a credit to Canadians.

[*Translation*]

Hon. Jean-Pierre Côté (Minister of National Revenue): Mr. Speaker, having reread this morning the speeches made Friday by the members of the opposition on the tax reform proposals, I cannot help saying that, in their criticism, they have taken advantage of the great freedom enjoyed by those who are not burdened with the responsibilities of government. On second thought, I admit that this does not necessarily show irresponsibility or lack of logic on their part. It is quite possible, as a matter of fact, that they have not really understood this tax reform program or that they have not read the white paper carefully and from cover to cover. How else can their somewhat illogical positions be explained?

I do not dare think that they are being stupid. I would prefer to believe that considerations of a purely political nature have brought them to this. However, I do wish to tell my colleagues in the opposition that last year's experience should have shown them that the public is no longer satisfied with fine promises, no more in the field of taxation than in that of underwater tunnels linking undeveloped areas.

Those who criticize the white paper should not forget some obstacles which interfere with any tax reform: the general need for revenue, the not very profitable nature of other taxation sources and the economic context.

The government, while taking such factors into account, has nevertheless tried to work out tax reform proposals which would bring about the most equitable system.

My colleagues in the opposition know very well that the taxation system revolves around the income tax, because at the present time it represents almost 30 per cent of government revenue. So it becomes important to change first the Income Tax Act—if one intends to be fair, of course.

It seems that such is not the view of the Leader of the Opposition (Mr. Stanfield), since he contends that the government should also have introduced a program of reform concerning the sales tax, which would have resulted in delaying study of the fiscal reform, thereby affecting the small wage earner, he who will benefit most from the raise in exemptions; and certainly more time would have been needed to prepare a general reform of the taxation system.

Moreover, Mr. Speaker, everyone is aware that the sales tax system, because it is uniform and applies to all—since everyone pays the same sales tax—does not take into account the particular situation of every individual. The income tax, as opposed to that, is much more equitable, for it takes into account those particular situations. As regards the tax reform, we think that the part concerning personal income tax has priority, and the Canadian people will appreciate it.

In addition, fiscal reform proposals allowing for the establishment of a system which would yield globally the same revenue than the former one should be made. This implies the notion of compensatory changes, that is to say, the effect produced by a change in one sector of the fiscal system must be balanced by a change elsewhere. Some have suggested that this tax reform was a disguised means to introduce a new tax rate increase.

The main reason for the increase in revenue, Mr. Speaker, which will amount approximately to $630 million in five years from the implementation of this system, is due essentially to the widening of the tax basis of assessment. This will result in a gradual increase of about 5 per cent.

Naturally, these figures are only estimates because I think nobody can extrapolate. It is

easy to infer what the figures will be in the future years, but one is never quite certain of the results.

And yet, is it possible to actually reduce the existing tax rates in order to avoid a surplus of revenue after five years, as advocated by the Leader of the Opposition? In short, there must be a perfect coincidence between the revenue of the two systems.

A study of the forecasts for the first year of operation of the new system tells us that the revenue will increase by 1.5 per cent, which for all practical purposes may be ascribed to the inaccuracy of the forecasts. To reduce the existing rates in anticipation of revenue that will be collected in five years would bring, in effect, right in the first year, a very substantial deficit. Is this one of the brilliant solutions advocated by the Leader of the Opposition in order to check inflation?

Let us consider now the position of the Leader of the Opposition and examine some of his arguments. Generally, the position of my hon. colleague is completely inconsistent. In short, the tax reform is doing both too much and too little. In fact, according to him, the exemptions suggested are not sufficient in the case of low income tax-payers. The income tax levied on the middle class is too high, and on the wealthy too low.

It must be understood that the structure of Canadian earnings seriously limits any change in the Income Tax Act. Statistics show us that over half of the tax-payers have an income of less than $5,000. On the other hand, if all tax-payers with an income over $25,000 paid an additional tax of $1,000, the extra revenue thus obtained in 1967 would have amounted to $48 million, but each tax-payer whose income is less than $5,000 would have paid only $13 less.

The government chose to recommend an increase in basic exemptions and in order to do so, it must find the necessary money by taxing capital gains, on the one hand, which will mean increased taxes for the well-to-do taxpayers and, on the other hand, by placing part of the tax burden on the middle-income taxpayers.

The Leader of the Opposition—I think he was once premier of Nova Scotia—should know that an administration has to look somewhere for the funds required to balance its budget, unless he was suggesting that this year the administration should simply show a deficit or else should not increase the basic exemptions, as his plea for the middle-class people would make us believe. The correspondence received up to now allows us to assume that the middle-income taxpayers understand the intentions of the government much better than the Leader of the Opposition and are willing to pay the price for the amendments.

His argument that inflation will erase the proposed increase in basic exemptions and the solutions he offers demonstrate the contradictory position of the Leader of the Opposition.

It is obvious that everybody is affected by inflation, including the government. Consequently, if the exemptions are raised proportionately to inflation, interest rates should also be raised. Finally, this is only feeding inflation.

Is this another brilliant suggestion from the Leader of the Opposition to fight inflation?

In any case, a $400 raise in the basic exemption for a tax-payer earning $4,000 represents one tenth of his income. On the contrary, for a taxpayer with a $40,000 income, this is only one hundredth of his income. I think this is a very strong argument to demonstrate that even though all the tax-payers should benefit by the raising of the basic exemptions, it will be more advantageous to the low income than to the high income taxpayer.

On several occasions, the Leader of the Opposition has alluded to small industry without being specific. I noted he listened very carefully to the Minister of Finance (Mr. Benson) and brought the matter up again.

I should like to know what he means by small industry. Does he mean a business with few employees, with a limited capital stock, with a small sales volume, or a company that does not pay much tax? Or does he mean, for instance, a company the owner of which decides to issue 1,000 shares, and gives one of them to his accountant and another to his lawyer in order to become incorporated and benefit from the preferred treatment accorded corporations and pay the tax on the first $35,000 profits at a rate of 21 per cent whereas most other taxpayers, such as employees and professional people, are not entitled to such treatment?

• (4:20 p.m.)

Finally, Mr. Speaker, a closely-held company is not necessarily a small business. If, on one hand, this small company is owned by an individual, there is no problem because the

tax collected will be the same as if it were on personal income; on the other hand, if the company is owned by a financier who has a chain of small enterprises, fairness requires that he pay his normal share of taxes.

Does the Leader of the Opposition suggest that companies pay proportionally less tax on the first $35,000 of profits than the small taxpayer does on his first $5,000 in wages, as is now the case?

Does he suggest that the system have a double standard, a double yardstick? Since he appears so concerned with matters of incentives and disincentives for economic expansion, does he not believe that preferential treatment for small enterprises will not prompt them to avoid by various means to exceed a certain level of profit in order to pay less taxes, or to elude taxes—which is perfectly legal—through the establishment of multiple enterprises, in order to take advantage of the 21 per cent rate for each of them? When the Leader of the Opposition wonders why the white paper proposes to lower to 50 per cent the taxation rate of well-off taxpayers, he shows great naïvety or an unusual slowness of mind. In proposing this reduction, the government wanted to restore a certain balance by preventing a perfectly legal tax evasion.

Mr. Speaker, I must say that it is indeed possible for an individual with a large income to set up a personal incorporated company in order to take advantage of a reduced tax rate, that is a rate of 50 per cent. The proposed reduction will do away with this tax evasion. And for those who scrupulously refrained from availing themselves of this loophole, the 80 per cent rate was unfair.

I might perhaps remind my friends of the opposition that in 1967 there were less than 140 taxpayers who were assessed at the 80 per cent rate and less than 50,000 taxpayers at 50 per cent and over. It is therefore impossible, if the purpose is to raise the basic exemption figures, exempt from taxation 750,000 taxpayers and reduce the taxes of 3 million more, to have the cost of these changes borne only by those few taxpayers who pay 50 per cent and over.

If the Leader of the Opposition proposes that a rate of more than 50 per cent be applied to this group, he will also have to increase the rates applicable to corporations, otherwise, it would be an injustice. If I am not mistaken, this is another brilliant initiative of the Leader of the Opposition with a view to promoting economic activity.

[Mr. Côté (Longueuil).]

As for the capital gains tax, it reminds me of some rodents which will attack a small part of a building but, in the long run, will cause it to collapse. For instance, the argument to the effect that a five-year extension period is unfair to farmers in particular does not make sense. In fact, any farmer can sell his farm and hold a mortage, and as a matter of fact, that is very often the case. This formula allows to spread the proceeds of the sale over a much longer period, for the duration of the mortgage.

On the other hand, to say that the capital gains tax will be much higher than in the United States is completely false and a close look at the white paper is enough to convince us it is not so. The United States impose a 25 per cent tax on public companies shares. The white paper suggests a 50 per cent tax on half the gains, which represents a real 25 per cent tax.

The white paper also proposes granting an annual $1,000 exemption for the main residence of taxpayers, in addition to the allowance of $150 for repairs, which is a much better taxation method than the American one.

In submitting the white paper on tax reform, the government wanted to encourage a discussion of those proposals by all individuals concerned. Discussions have already been held with the various provincial representatives. It is clear that the government is ready to hear any constructive criticisms and to consider any worthwhile solutions. And I hope, Mr. Speaker, that those who have and who will take part in the debate in this house will readily attend the meetings of the parliamentary committee and that they will put forward more constructive proposals than those they made in this house up to now.

I would now like, Mr. Speaker, to make a few comments about the position of the hon. member for York South on the white paper. When I read his speech over, I realized how true is the saying that one quickly burns what one had formerly worshipped. Not so long time ago, the hon. member for York South considered the Carter report as his bible on tax matters. Yet, the Carter report did not recommend increases in basic exemptions whereas the white paper does. The report recommended that the income tax rate in higher income brackets be lowered from 80 per cent to 50 per cent, the same as the white paper.

Finally the Carter report proposed a 100 per cent reduction in income tax on the divi-

dends of widely-held Canadian corporations. The white paper suggests an exemption of 50 per cent only in order to maintain a balance between shares and bonds.

Through what crooked reasoning can the honorable member for York South justify his present opposition to the white paper proposals?

As regards basic exemptions, how can he now turn about and state that the Carter report is not up to date in this matter and in the same breath say, trying to prove his point with statistics, that the increase is inadequate and should have been granted long ago?

Mr. Speaker: I am sorry to interrupt the hon. minister but his time has expired.

• (4:30 p.m.)

[*English*]

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, having listened to the Minister of National Revenue (Mr. Côté), the nation's tax collector, reading his speech, my first observation to him would be to ask him for goodness' sake to read the white paper. Having also had the privilege of sitting here for the past two hours while the Minister of Finance (Mr. Benson) has absented himself, it is rather discouraging in a two-day debate—

Mr. Gray: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Béchard): The Minister without Portfolio on a question of privilege.

Mr. Gray: The record should show that the Minister of Finance had to leave the chamber temporarily on urgent public business, and that I represent him in my own ministerial capacity.

Mr. Lundrigan: I do not accept that at all. That is not a question of privilege. The Minister of Finance has a responsibility to the Canadian people to be in this House to listen to the arguments of hon. members. I have attempted to consider the white paper—or what the hon. member for Calgary North (Mr. Woolliams) referred to as the "red manifesto"—on the basis of its effects upon Canadian taxpayers, its equity, its fairness of tax distribution, as well as something that the Ontario Economic Council refers to as incentives in the tax structure. These incentives relate to the proposed reforms that govern the extent to which our economy can expand, as well as the extent to which individuals exercise their ingenuity and eagerness and display aggressiveness in developing their own businesses. In other words, when I think of incentives I think of fattening the animal, of building a little more muscle in the Canadian economy, so we can afford to pay for those services that the Canadian people deserve and demand.

If the Minister of Finances reads my speech, I hope he will not think I am being partisan when I say that I can find no way in which the white paper succeeds to any measurable extent on either count, whether in terms of equity or in terms of incentive. With regard to fairness of the tax distribution, in other words equity, having listened to the Minister of National Revenue and to the speeches of a number of other ministers, including the Minister of Finance, I am still convinced that the small increase in the basic exemption does nothing more than cloud the issue, befuddling the Canadian taxpayer into thinking he is getting a break. In actual fact it is nothing more than an increase in taxation; and the Leader of the Opposition (Mr. Stanfield) has done a masterful job in pointing out the effects the tax changes will have upon the average Canadian. By the end of two years when these tax proposals come into effect, inflation will have eaten away most of the benefits. Why are these benefits not brought in now? Why do we have to wait for two years if we are interested in helping the little man?

• (4:40 p.m.)

What about the tax credits to which the Leader of the Opposition referred? This appears to have quite a bit of relevance. Why was the alternative of "'tax credits" not considered and recommended to the committee for study? Let me leave that point, Mr. Speaker, because there are a number of other members who want to talk about that.

I am interested in the consideration of the effects of the white paper on the Atlantic provinces. This is a poor area in Canada about which we have had numerous discussions. In this regard, we must consider the unemployment situation. In consideration of the measures proposed in the white paper I think that if many of the proposals are implemented the Atlantic provinces might just as well forget about Confederation. That area of Canada will be at such a disadvantage it will literally have to close shop. The minister reminds me of a hibernating bear when he talks about these tax proposals. He thinks the Canadian nation will literally live off its own

fat. There are no incentives and the proposals in the white paper must be considered as being disadvantageous to Atlantic Canada.

What kind of an economy do we have at the present moment in Atlantic Canada? We have the highest unemployment rate of any part of this country and reference has been made to this fact. Let me mention two or three statistics to verify this fact. These statistics do not exaggerate the situation, as a matter of fact, the situation is worse than the statistics suggest.

In October 1967 we had 4 per cent unemployment in Atlantic Canada. The situation was actually worse than the statistics indicate. I understand the sampling procedure used by the Dominion Bureau of Statistics does not accurately reflect unemployment. In October 1967 we had 4 per cent unemployment and in 1969 we have 5.2 per cent unemployment. In October 1967 New Brunswick had slightly more than 3 per cent unemployed, yet in October of 1969 it had 5.7 per cent. In October of 1967, Newfoundland had over 5 per cent unemployment and in 1969 has 7.4 per cent, the highest level since I was born a Canadian.

Again, we have a tight money situation in the Atlantic provinces. When there is a tight money situation in Canada we see the effect immediately. Investors do not want to move into areas where there is speculation and risk. Again, the economy of our area is related directly to small businesses which suffer a very high mortality rate. This area is made up mostly of small businesses. We do not have many of the large corporate clusters like metropolitan areas of Toronto, Montreal and Pittsburgh have. We have a multiplicity of small businesses. This is the economic fibre of that part of Canada.

Let us consider the type of economy we enjoy and the effect the proposals contained in this white paper will have on Atlantic Canada. Small construction firms build apartment blocks, houses and so on. Under the present tax system there is an incentive in respect of capital cost allowances. Now when they are faced with this recapturing clause that will apply to each property independently they will no longer have incentive to expand their operations. I hope there will be changes made when the committee studies this white paper. The minister suggests that the loophole under present recapturing arrangements will be plugged. This will remove that incentive and force each property owned by a business man, to stand on its own merit. When these small construction companies sell a property they will face the recapturing clause immediately. This proposed change will make it impossible for the small construction firms to expand or get into new business. They will pretty well have to retain existing properties. This is the "disincentive" about which I am talking.

Again, in the past some small builders have, as a result of ingenuity and effort, been able to build houses for resale at a profit of $10,000 or $12,000 in respect of a real expensive home, or $4,000 to $5,000 on a lower priced home. This present proposal will completely eliminate the incentive for these people to get involved.

I could not go on without reference to the Home Owner's tax, a tax which will be applied to a man if the sells his home and makes a profit. I really cannot see the advantage to Canadians of this aspect of the white paper. On the contrary, I think this will put many people in a mess. This is true because of the administrative costs and red tape involved. The Prime Minister (Mr. Trudeau) does not want to go into the bedrooms of the nation, but he is coming damn close to doing so as a result of this proposal. The Government is forcing Canadians to be materialistic. They are becoming the victims of government involvement in their own affairs. The government is trying to play the role of a political pinnochio when it sticks its nose into the affairs of every Canadian. As a result of government red tape the average Canadian is no longer a free man in his own home. A man's home used to be his castle. It is now becoming merely a piece of property. I could go on and on in this regard, but time does not permit me to do so.

Reference was made earlier to small business. The Atlantic provinces are made up of small businesses. With the elimination of the 21 per cent concessional provision, the small businesses will now have to compete with large corporate businesses. I have in mind small lumber dealers as well as primary, secondary and tertiary industries which net $20,000 or $30,000 per year employing 25 to 30 people more or less. These companies are already faced with stiff competition. They are also faced with the difficulty of raising funds. Banks have tightened up and are demanding high collateral. These firms can no longer get the money they need to expand and develop markets. They face difficulties not faced by big companies. As well there is a great deal

of speculation involved in small business ventures and a very high mortality rate.

In view of the present proposals of the minister, these small businesses will have to close shop. They will be faced with a 50 per cent tax if they make $20,000 to $30,000 a year or more. I am amazed that there is not a greater conflict between the Minister of Finance and the Minister of Regional Economic Expansion (Mr. Marchand). One minister, the minister of Regional Economic Expansion, recognizes that incentives must be provided to small businessmen in the four Atlantic provinces who want to expand. In the case of a company which plans to expand and invest $30,000 there is a 20 per cent incentive. If such a company wishes to establish a new business costing $60,000 or more it receives a 20 per cent incentive. These companies must face initial high labour costs and the new Regional Development Department is to help with these costs.

In spite of this recognition by the Minister of Regional Economic Expansion, the Minister of Finance takes an opposite view. One minister says we should not discourage small businesses from getting on their feet, yet the other uses the excuse that small businessmen ought not to be encouraged by the 21 per cent concessional arrangement. We have become involved in a political push-me-pull-you. The Government is moving in both directions. One minister wants to build incentives into the Atlantic economy while the other minister is cutting his legs out from under him. I should like to tune in on cabinet discussions when this matter is considered.

A great deal of the employment in the Atlantic provinces is created by the exploration of extractive industries, namely the mining operations. This is where a lot of our growth has taken place in the last few years. Recently I read in the Ontario Economic Council report that there has been one billion dollars annually put into the Canadian economy by oil and mining companies through exploration work. A great percentage of that has been investment in northern parts of Canada. Much has been invested in Quebec, Labrador, Nova Scotia and New Brunswick where there is a great deal of undeveloped resources. In other words, the aim should be to build incentives in these areas to encourage industry to Atlantic Canada to develop our resources.

• (4:50 p.m.)

In other words, there should be extra incentives for companies which are willing to gamble and explore. If they make good, they are really protected. But this white paper, if it should be accepted, would eliminate practically any incentive to a mining operation to move into an area in which there is a danger of failure. It eliminates the three-year protective tax agreements which have been in existence. This will really disrupt mining in Atlantic Canada. The government says, "If you move in and do not make it, thanks anyway; if you do make it, pay up". The government says, "If you pay for your capital and operating costs, then start paying your taxes". In other words, there is no real incentive to large companies to move into areas in which there is a need for development and where there should be incentives.

I could refer at length to evidence in support of my position if time permitted. However, I shall refer to something which perhaps is of great concern to some people. In reply to the hon. member who mentioned that the provinces are very dissatisfied the minister said, "Refer to Table 13." I have referred to it. It indicates that every province will get an increase as a result of this proposal and that there will be $165 million generated by the tax proposals. You may refer to page 85 for that statistic. The government says that, as a government, it is prepared to give all 10 provinces a total of $20.4 million. I am not a mathematician, but it seems to me that is $20 million to the provinces and $145 million to the federal government, which means the federal government receives 88 cents out of every dollar and that the provinces combined receive 12 cents.

I have computed the average percentage of increase to the provinces. These are the percentages of increase in income tax going to the provinces along with the equalization payments: Newfoundland less than .5 per cent. The province of Nova Scotia will receive an increase of .8 per cent from Ottawa on the basis of the income tax and equalization payments. Prince Edward Island will receive .8 per cent; New Brunswick .7 per cent; Quebec, .6 per cent; Ontario, .6 per cent; Manitoba, 1.2 per cent; Saskatchewan, .6 per cent; Alberta, 1.5 per cent and British Columbia, 1 per cent. This represents an average increase of less than 1 per cent. The provinces are supposed to be satisfied with this amount. There is no reference to the need for reviewing the tax-

sharing arrangements with the provinces. How can one blame the premiers of the various provinces for expressing regret at the almost complete contempt the federal government has shown for the provinces. This is really discouraging. At the Hot Springs conference when the Prime Minister was asked about the provinces, the Prime Minister said he would tell the provinces that perhaps they ought to consider doubling their taxes. This is the federal formula for helping the provinces—one times two, double your taxes. This is what the Prime Minister tells the provinces. He tells them that if they want services they should double their taxes. How can they double their taxes in the face of these income tax increases, as well as other increases by the federal government.

If this white paper is to make sense, it would seem to me there should be some study of the tax-sharing arrangement with the provinces. This is not a reform of our tax structure. As a new member I expected some proposals to change the balance of our tax structure in Canada. This is a disguise for an increase in taxation.

I could continue and give more details, but I wish to sum up my feelings about the impact of the white paper on Atlantic Canada. First, it will force the provinces to increase their taxes because of the heavy demands for new services and the imposition of certain programs by the federal government which the federal government plans to vacate, in some cases by the year 1975 and earlier in other cases. It will pretty well ruin the small businessman in Atlantic Canada. It will discourage mining exploration and in that sense will lessen the opportunities of Atlantic Canada to develop its resources. It will bring about a substantial increase in the number of unemployed which is now being increased by present government policies.

I see that the Minister of Manpower and Immigration (Mr. MacEachen) is blushing. I can appreciate the reason he is blushing. It is because of the lack of support he receives from his cabinet in his efforts to improve the situation in Atlantic Canada. The Minister of Regional Economic Expansion could not take it; he stayed away. There will be an increase in unemployment in Atlantic Canada, a situation which is chronic because of present government policy. There will be a reduction in the standard of living and a dampening of incentive. There will be a need for more welfare because fewer people will be employed. All I can say is that from now on I hope for goodness sake the government will very seriously consider the need for an increase in regional disparity grants. There will have to be an increased effort to feed the people of Atlantic Canada because this is what the government will have to do if some of the basic tenets of this proposed white paper are adopted.

[Mr. Lundrigan.]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It being five o'clock it is my duty, pursuant to Standing Order 40, to inform the House of the questions to be raised at the time of adjournment. The questions are the following: The hon. member for Winnipeg North (Mr. Orlikow)—consumer affairs—Canadian price of Ford "Maverick"; the hon. member for Comox-Alberni (Mr. Barnett)—Indian Affairs—Band council borrowing regulations—provision of fund; the hon. member for Halifax-East Hants (Mr. McCleave)—Highways—Atlantic provinces—cost-sharing formula.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

PRIVATE MEMBERS' PUBLIC BILLS

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, there have been discussions and I believe there would be general agreement to waiving private members' hour so that more members might participate in this discussion on this motion.

Mr. Knowles (Winnipeg North Centre): This is correct.

The Acting Speaker (Mr. Béchard): Is it so agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed consideration of the Motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Tom H. Goode (Burnaby-Richmond): Mr. Speaker, it is indeed a pleasure to follow my good friend from Gander-Twillingate, but I was considerably disturbed to hear the hon. member who is from Newfoundland criticize to such a great extent the white paper on tax reform because it has been my thought that the white paper was designed to help the low income provinces.

It was with a great deal of interest that I listened to the speech given in this House on Friday by the Minister of Finance (Mr. Benson). The minister, as usual, was well prepared and articulate as he outlined the proposals for tax reform. Let me say now that I believe the great majority of those proposals are sound and will shortly be the basis for excellent legislation which will recast our present outdated tax structure in a form more in line with the concept of fairness and justice which most Canadians desire.

Lest the minister get too comfortable, I should warn the House that this is the last kind word I will speak about the white paper today. My concern is with the plight of the small businessman. When we talk about the small businessman in Canada we are talking about a man who, to complement his ingenuity and resourcefulness, often works 10 or 12 hours a day. We are talking about a man who finds himself competing with large firms, many of which are international or even multi-national in character. He is a man who cuts short his summer vacation, if he has any at all, in order to return home to deal with his business problem; a man who rises from the supper table and heads, not for the t.v. set but for the den to work out business problems; a man who must fight long and hard to keep his small part of the market. The small businessman in Canada stands as a living example of the difference between socialism and free enterprise. Let us not take from this man, who has pride in both the growth of his company and his country, the incentives which he needs to carry on his business. At present, the tax rate is 21 per cent on the first $35,000 of corporate earnings and 50 per cent on any amount over that. If the proposals in the white paper were to be adopted, the 21 per cent tax rate would ultimately be abolished and the 50 per cent rate would apply on total corporate income. This would be disastrous for Canada. The Minister of Finance (Mr. Benson) proposed that the new 50 per cent rate be phased in over five years with the 21 per cent rate applying only to the initial $28,000 in the first year, $21,000 in the second, $14,000 in the third, $7,000 in the fourth, and be eliminated in the fifth year.

• (5:00 p.m.)

Why has this new so-called reform been suggested? In his speech to the House on Friday, the minister gave his answer to this question. He believes that the main reason Canadians set up corporations is to avoid tax. My belief is that this is not the case. I believe that there are many reasons for setting up corporations, but the most acceptable is to limit the liability of the persons involved.

The small businessman does not seek to avoid paying taxes. He merely wants to remain in such a position as to be able to use his profits to expand and improve his operation, in other words, to re-invest in the country. Are we to stop this re-investment? After all, the small businessman does not realize any immediate personal gain or see any instant improvement in his own standard of living by plowing profits back into the company. He needs this capital to enable his small corporation—a Canadian corporation—to develop and enlarge, perhaps by purchasing more sophisticated equipment to produce a superior product.

However, I realize that there may be some persons who, under the present tax structure, have made a practice of leaving corporate income for an indefinite period of time in the company, particularly in a closely held corporation or series of such corporations which boast incomes of $35,000 or less. Clearly, in such cases the tax revenue of the country suffers because the corporate profits are only being taxed at the rate of 21 per cent.

What is the solution? I propose that the solution is not to tax 50 per cent, which cuts down the incentive. I propose that the closely held corporations which have incomes of $35,000 or less be allowed to retain the present 21 per cent tax rate for five year periods. At the end of any given five year period, the businessman would be taxed on the profit of each consecutive year in the period at the rate he would have been taxed had his corporate income been treated as personal income. In other words, the small businessman would only be deferring his payment of taxes. He

could not avoid payment. For the privilege of delaying tax payment he would pay interest to the government on the amount of the deferred taxes at the rate of 1 per cent above the long-term borrowing rate of the federal government. It would also be stipulated that to benefit under this deferred taxation plan a corporation would have to be at least 51 per cent Canadian owned.

I feel that my proposal is a good compromise between the recommendations in the white paper, which would lead to greatly restricted growth of existing Canadian small corporations as well as to the discouragement of individuals with exciting ideas from going into business for themselves, and the present legislation which admittedly is open to some abuse. The solution I put forward in my brief remarks today would allow legitimate businessmen with closely held corporations to retain the internal source of expansion capital they so desperately need to compete, while at the same time not reducing over-all the taxation revenue due our country.

In conclusion, I would like to read from an editorial entitled "Profit and Loss" which appeared in the November 11 issue of the Toronto *Globe and Mail*. It reads as follows:

> Canadians cannot know how much of their productivity and prosperity has depended upon creative men who started small, with the aid of the low 21 per cent rate, and eventually grew big and forced their competitors to grow also, and thereby provided wealth and jobs all round.

All the Canadian small businessman wants is to be allowed a chance to survive and the opportunity to grow. My hope is that the minister will not decide to take away that chance of growth.

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, so much has been said about the good features of the white paper on tax reform—mostly by the minister—that the public is in no danger of overlooking them. Indeed, after his prodigious efforts in promoting this particular package of payments, the minister could well take on the job of advertising the advantages of bikinis to the belles of Baffin land. Probably it would prove an even more agreeable task than winging his way across Canada accompanied by the white paper.

In any event, I shall say at the outset that there are measures in the white paper which distribute the tax burden a little more fairly, and where these exist we favour them as far as they go. But the net result falls far short

of an equitable and effective taxation policy for Canada. I am glad of this opportunity to indicate some of the reasons.

In his speech opening the debate the other day, the Minister of Finance said that people in the middle income group of taxpayers want to be sure that those in the upper income group are pulling their fair share of the load. If middle income taxpayers need this assurance, it is doubly necessary for those in the low income groups, and extremely urgent for those who do not get enough income to be taxed at all. For it is only when those in the upper brackets are paying their full share of taxes that those on low incomes can keep their heads above water. Fair taxation of the wealthy is the only way to provide the public goods and services which alone can prevent the cancer of poverty from spreading in this country.

In the opinion of the New Democratic Party, the proposals of the white paper do not ensure taxation according to ability to pay, nor will the imposition of a capital gains tax redress the balance. As long as there is a ceiling on the tax rate, we shall not have taxation according to ability to pay. We do not intend to settle for anything less than the removal of the ceiling.

• (5:10 p.m.)

Various ideas have been given in this debate about criteria to be kept in mind when designing a tax system. Our deputy leader gave an admirable summary of our ideas the other day. But I would like to add just one more thought. To me, the most important thing is not how much you pay in taxes; it is how much you have left to live on after you have paid your taxes. Judged by this standard, taxpayers in the upper brackets will not have too much to worry about, not if the recent statements of bank incomes and corporation profits mean anything. Judged by this standard, however, there are a lot of people in the low income brackets who do have plenty to worry about, to say nothing of those millions of Canadians below the taxation and poverty levels altogether.

The Economic Council says that one Canadian in five is living below the poverty level now. That verb "living" is inaccurate. The proper one is existing, and existing in a state of insecurity and misery impossible for any of us in this chamber to comprehend. In today's conditions, the minister's suggestion of $30 a week provides the kind of existence

that no modern prison or penitentiary would dare to tolerate. In this connection it is interesting to note a reference in today's *Globe and Mail* to the minister's visit to Vancouver. It shows that his hotel suite there cost $45 daily, in other words enough to keep a $30 a week man for a week and a half, yet that was merely for lodging in the hotel room for one night.

The minister boasted that the white paper will take three quarters of a million taxpayers off the rolls because of their poverty. The Economic Council says poverty begins for a single person below $1,800, and for a family of four below $4,200. Senior citizens' organizations and others have been campaigning long and hard for income tax exemptions of $2,000 for single persons and $4,000 for married couples. Yet the minister sets the new exemptions at only $1,500 a year for a single person and $3,500 for a family of four. What kind of justice is this? What kind of sense? It has been said that you cannot get blood from a stone. Well, the minister is having a good try. What he fails to recognize is that these poverty striken taxpayers are not stones. They are men and women of flesh and blood and feelings, and have the same kind of needs as the rest of us.

The proposed exemptions should be raised, and raised well above poverty level. Our recent New Democratic Party Convention in Winnipeg put our policy in a resolution in these words:

> Tax reform to make the over-all tax system truly progressive: integration of the income tax system with the minimum income so that no income taxes are paid by persons below the poverty level and the income tax form can be used for determining eligibility for the minimum income.

The minimum income? That brings me to another point of criticism of the white paper, a point which has been dealt with already but which needs much emphasis. You cannot make a proper assessment of the value of these proposals without knowing what other proposals the government is going to make in interrelated fields.

What is the government going to do about the rising cost of living? Establishing boards, councils, committees, task forces and other similar pieces of machinery is not action. It is merely buying time for inaction. The public, and the members of Parliament here who are their representatives, need to know what is going to be done to stop inflation and rising living costs. They need to know in order to pass judgment on the validity of the white paper proposals. Yet all our inquiries in this direction are met by smiling secretiveness. The masterpiece will be unveiled in due course. Meanwhile it is government property. Keep out! The taxpayers are beginning to get tired of this. They have paid for the machinery. They want to know what, if anything, is going on. They have a right to get value for their money.

A second question relevant to the proposals in the white paper is: what is the government going to propose at the end of its long review of existing social security programs? Is it going to penny pinch still further by applying the means test to all of them? Is it going to face reality by making long-overdue increases? Is it going to replace the outmoded patchwork by a guaranteed income?

The Prime Minister's recent answer to that question when I asked it was not too reassuring. He said, "... as a government we are not yet satisfied that this is a realistic step." Not realistic? With four and a half million Canadians existing below the poverty line, with all that such an appalling figure indicates in the way of public taxation for unnecessary social assistance, disease, delinquency, crime, divorce, drugs, mental breakdown, and ultimately the outbreak of civil disorder in our great cities.

Not realistic? With the average gross income of a manufacturing worker only $5,723, and his family exposed to the hazards of unemployment and all the other risks which become so acute where income leaves no margin. Not realistic? How realistic is this government? And how long will it refuse to face reality in the matter of a fair distribution of income?

If this is the government's answer, what other social security proposals does it have in mind? If we are to assess the proposals in the white paper we need to know. Then, there is the sales tax. What does the government intend to do about it? For years now the public has been clamouring to get rid of it as a brake on production, with particular reference to housing. We need to know the answer to this one, too.

Undoubtedly these and many other relevant questions will be raised when the white paper is in committee. Until the answers are provided the public can get no accurate and comprehensive idea of the effect of the white paper proposals on the individual taxpayer and on the state of our economy as a whole. What is the sense in granting increased

exemptions if the cost of living and other kinds of taxes are going to gobble up the increases?

One feature that we in this party deplore is that the white paper proposals perpetuate the double standard of income tax deductions which exists in our present tax laws. There is one standard for the self-employed, the professional and business taxpayer, who can deduct all sorts of costs as expenses of earning his income. There is quite another for the wage and salary earner who can deduct practically nothing. True, the white paper proposes a slight easement for the wage and salary earner, 3 per cent of his income, with a maximum amount deductible of $150 a year. But for the self-employed there is still no maximum to the amount he can deduct.

Nowhere does this double standard of deductibility show up more glaringly than in the new proposal of child care expenses for working parents. Let me say at once that we welcome the idea of helping working parents bear the burden of expense for their children while they, the parents, are working. The proposal to pay up to $500 per year per child under the age of 14 is one small and very belated step to protect family life. But upon examination it is really a very limited one.

Why cannot a working mother, a taxpayer, deduct the actual cost of child care as an expense of earning her income in the same way as the self-employed taxpayer can do with his expenses? Surely, if the principle is right in the one case it is right in the other. The new child-care provision is thus manifestly discriminatory against the working mother who earns a wage or salary. Alimony and child care payments made by men have always been tax deductible. Why not baby-sitting or nursery school expenses for women?

The white paper proposal sets a limit of $2,000 per family for child care services. In other words, the government is saying clearly to parents across Canada, "Four children is enough." I am inclined to agree. But what about existing families of five or six or more children, children in mother-led or single parent families where the need for child care is great?

You will say, of course, that if a woman or a parent has a number of small children her place is at home, bringing them up. Bringing them up on what? Mr. Speaker, it seems to me that we have here a powerful argument for the measure I have urged in this house on a number of occasions—the provision of an allowance which would permit mothers of young children to stay at home and look after them instead of having to take jobs outside the home to get enough to feed and clothe them and keep them in decent surroundings. Such a measure has been in effect in France for a number of years now. I would hope that our government would soon consider this kind of family protection for Canada. If it will not do it for the family, let it do it for the taxpayers who have to pay all the costs of neglected homes and neglected children.

[Mrs. MacInnis.]

Another shortcoming of the white paper child-care proposal is that the $500 figure bears no relation to the actual cost of child care. One organization of single parents, Single Parents Associated, with headquarters in Toronto, summarizes the actual cost per year of child care service for one child. The figures are based on a 50-week year and enumerate the various forms of child-care which now exist: live-in help $4,200 per child; daily help $3,550 per child; outside day care $1,000 per child; nursery school $1,680 per child; and private school $3,000 per child. Obviously the white paper has not priced the actual cost of child care before setting its tax deduction figure because the two have no relation to each other. Further, it is true that every single form of child-care service enumerated is in short supply and would have to be greatly augmented if even a small fraction of the children of working parents were to be adequately protected.

• (5:20 p.m.)

One further criticism of this child-care proposal that is the need to keep receipts in order to qualify for the deduction. It seems to me that this is an almost insurmountable and quite unnecessary obstacle. Working parents and the baby sitters they employ are just not geared for such paper work which is the delight of public servants like those in the minister's department. The income tax form clearly sets out the occupation of the taxpayer and the number of his or her dependants. Why not permit him or her simply to deduct a definite amount per year for child care, in the same way that for years all taxpayers were permitted to deduct a flat $100 for medical expenses? To me, this would seem a much simpler way to do it.

There are many more things Mr. Speaker, I should like to say about the white paper if time permitted. But I want to end with just one more observation which seems to me very

important. A greal deal is said about the serious consequences of endangering incentive by taxing the upper income brackets their full share. We are told it would be fatal to the future of Canada to make these taxpayers feel that their efforts were going to be curbed. I have come to believe that there is a far greater danger in frustrating the initiative of the people at the lower end of the income scale. A great many of these people have never had a chance to exercise that initiative and in too many cases it is atrophied. The cost to the taxpayer of carrying these people along in idleness because their initiative cannot find an outlet, is very great. Too many children are growing up who have never known what initiative is because their parents, too, were born and raised in poverty and insecurity. They have no chance to exercise their initiative and no incentive to do the sort of thing that is natural to people in higher income groups. How can such children be expected to develop initiative? The very limited success of the Head Start Program and other programs designed to coax out this almost dead initiative in children has indicated the seriousness of allowing this to be stifled at the source.

To my mind we need an income tax policy which, by taxing according to ability to pay, right up to the top of the income scale, will encourage the initiative of those low income citizens whose efforts could add so much to their own lives and the life of this country. I do not believe this white paper provides such a policy.

[*Translation*]

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, I am happy to participate in this debate on tax reform proposals though, in my opinion, it seems somewhat premature and this for two main reasons. The first one is that it was absolutely impossible in the short time we have had at our disposal since the white paper was tabled to assimilate it entirely and to understand fully all the recommendations it contains. The second reason is that it might perhaps have been more appropriate for us to hear from the various agencies that might have wished to submit briefs.

The Canadian Institute of Chartered Accountants, the Canadian Bar Association, the Chambre de Commerce, the Board of Trade intend to submit briefs which, I am sure of it, would have been very useful to the members of the House before they got ready to take part in the debate.

As far as I am concerned, I am interested in talking about these problems, both as a member of parliament and as an accountant. My constituents in the riding of Laurier are poor people, but they nevertheless were pleased with some recommendations, particularly the one relating to basic personal exemptions that are increased from $1,000 to $1,400 for single people and from $2,000 to $2,800 for married people as well as the exemption that applies to working parents. In such a case, a deduction would be allowed for child care expenses, up to $500 per child under 14 years of age, or 2,000 per family.

They are also satisfied with the one allowing a deduction of 3 per cent of the salary for professional expenses up to a maximum of $150.

Mr. Speaker, some years ago I had an opportunity to take part in a debate and I chose to speak on the report prepared by the Bélanger Commission after its study of possible tax reforms in the province of Quebec. I then opposed the capital gains tax and I used as main argument that it might keep eventual investors away.

However, considering the new philosophy established by the minister in the proposals for tax reform, I have to side with him, because, at the present time, the point is priority and equity for the Canadian taxpayers. At the beginning of the paper entitled "Main points", it is said and I quote:

> A number of goals and standards have guided the government in its approach to reform. They include a fair distribution of the tax burden based upon ability to pay; ... steady economic growth and continuing prosperity; the understanding of modern social needs... a system that can and will be used by the provinces.

Naturally, the minister immediately states that the co-operation of the provinces will be needed if we are to be in a position to apply the recommendations that will be made. It would therefore be fitting that we meet with the provinces for a joint conference on the recommendations of the white paper and that we endeavour to find a uniform tax system for the country, that would be equally applicable to the provinces.

As an accountant, I naturally have a number of questions that I would like to ask the Minister of Finance (Mr. Benson) in order to obtain more information about certain matters which, at the present time, appear rather obscure.

Taxation Reform

• (5:30 p.m.)

Recommendation 5.5 of the white paper says:

> The government proposes to create a new depreciation class which would sweep up all of these nothings and would enable the taxpayer to deduct 10 per cent of the book value of this class each year.

The first question would be: What does the minister mean by the book value? It would seem advisable to me that the minister give us, whenever he feels it is the right moment, a definition of the expression "book value", so that we can understand the exact meaning of the recommendations when they are approved, with or without amendment.

It is proposed that 10 per cent of the book value of assets be deducted each year, but it is not said whether this deduction will apply on a direct line basis or whether it will be calculated on the basis of the residual value, as is the case now throughout the nation. This is another element to consider and on which to obtain more explanations.

What surprises me somewhat is that recommendation 5.14 again mentions depreciation, and I quote:

> Therefore, the government intends in due course to invite briefs on the system and rates of capital cost allowance.

Yet, if we are revising all the rates, it may have been somewhat premature to set a 10 per cent rate, as we would like to know the views of experts in this field before setting or revising rates.

Recommendation 5.8 concerns the selling of goodwill, and I quote:

> —taxpayers who sell goodwill in the first year of the new system would be taxable on 40 per cent ... if in the second year. taxable on 45 per cent and exempt on 55 per cent; and so on, with the taxable portion increasing by 5 percentage point each year until the thirteenth year—

Now, it would seem, at first sight, that such a way of taxing the selling of goodwill is not very equitable, that the 40 per cent tax is arbitrary and that, consequently, it might be appropriate to know the reasons behind it.

If an individual sells his shares instead of the goodwill, it would seem that the tax would not apply and, consequently, there could be an injustice with regard to the sale of the goodwill. I wonder why we could not, when the minister sets evaluation day, evaluate the goodwill of the various business concerns according, naturally, to recognized accounting criteria.

[Mr. Leblanc (Laurier).]

What about the criterion whereby the number of years during which the business has existed should be taken into account? Indeed, if an individual has been in business for five years, he could perhaps spread the tax over a five-year period; he could do the same if he has been in business for ten years, perhaps at a maximum rate of 5 per cent per year. On the other hand, the tax levied could go from zero to 5 per cent per year; thus after a 20-year period the whole amount would become taxable.

Mr. Speaker, there seems to be some confusion, or at least the translation of some articles would seem to be misleading. I should like to mention, in particular, recommendation 3.20 which says in French:

> ... le Gouvernement propose que les contribuables qui, en raison de leurs occupations professionnelles, sont appelés à se déplacer d'une région à une autre au Canada, soient autorisés à considérer la vente de leur maison et l'achat d'une autre résidence dans la nouvelle région comme une transaction non imposable, ...

The English text is somewhat different. It might be advisable to know which text is the right one. This is what we have in English, and I quote:

[*English*]

> In addition to the exemption, the government proposes that a taxpayer who moves from one area to another within Canada in connection with a change of job—

[*Translation*]

In French, the term "change of job" has been translated as follows:

> —en raison de leurs occupations professionnelles,—

Does it actually mean therefore that the individual should also change jobs or whether he only has to move from one city to another. For instance, if the comptroller of a large company in Montreal was called back to the head office in Ontario, in order to perform the same duties would it be considered as a change of job or a transfer for professional purposes?

This could apply to salesmen as well as to accountants or lawyers who, for one reason or another, must travel from one province to another in order to do their job.

As to recommendations 5.46 and 5.47, the English text is much more precise than the French text.

Recommendation 5.47 reads as follows, and I quote:

En conséquence, le Gouvernement propose que ces contribuables soient autorisés à échelonner la déclaration de ces sommes sur plusieurs années. En d'autres termes, ils les feraient figurer dans leurs revenus déclarés à mesure que diminueraient leurs créances et leurs stocks.

• (5:40 p.m.)

Now the English text says—and I quote:

[*English*]

Specifically, they would bring them into income as their total outstanding receivables and inventories are reduced.

[*Translation*]

So the English text contains the word "total" which does not appear in the French text. As to the word "outstanding", it means exactly what the government has in mind but it does not seem to be translated faithfully in French.

By the way, the C.C.H. produced recently hypothetical model figures about the recommendation to place the book-keeping system of business men and professional people on an annually increasing basis instead of maintaining the present collection basis.

The C.C.H. gives the following example: If there are $25,000 in bills receivable in 1970, they will have to be entered in the books and in 1971 there would be bills totalling $40,000. There would be at the end of the year $30,000 in bills receivable and $35,000 in cash received.

One would have to know the exact taxable amount, as there seems to be some confusion among accountants as to this. Indeed, the figures published by the C.C.H. are merely an interpretation and are not necessarily the same as the ones obtained by some accountants.

I believe it is important that this matter be cleared up. If professional people and non incorporated owners have to set up their accounting system on a new basis, will they benefit from the same exemptions that are granted to corporations, especially as concerns pension fund contributions for current and past services, since corporations may deduct from their income tax their payments in that regard under contracts signed with their employees. Professional people cannot, at the present time, deduct them.

If we require equitably professional people and other businessmen who are not incorporated to pay taxes according to another system, we could perhaps grant them the same exemptions that can exist, particularly in relation to the pension funds, for current and past services.

Chapter 4 deals with the granting of a fiscal benefit to shareholders. Indeed, a shareholder who receives a dividend will also obtain from the corporation a credit that will be proportionate to the taxes that have been paid.

This is obviously an advantage as far as promotion is concerned. It amounts, I think, to an incentive to industry as a whole. There is perhaps the danger of some difficulties arising in the bond market because those who will get interest will have absolutely no credit that might minimize the amount which they receive in that way as interest. And we can wonder if these people will buy the bonds issued by the three levels of government and by the school boards since they will have no credit to offset their amount of taxes. This could perhaps bring about—if my assumption is correct—an increase in the rate of interest in order to find buyers. Thus, if you increase the rate of interest for the municipalities, you might get an increase in taxes, in rents and finally in the cost of living.

Mr. Speaker, as I said earlier, due to all my other tasks, it was impossible for me to go through this white paper. I agree with its main philosophy, which is to ensure the imposition of a fair share of taxation based on the ability to pay, and I hope that we shall soon be more enlightened on this matter, after the Minister of Finance will have given us additional particulars and after hearing the various briefs that the experts intend to submit to the Finance, Trade and Economic Affairs Committee.

[*English*]

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, in any discussion of a matter as important as tax reform I am sure consideration as to the reasons for such reform and the events leading up to it is vital to an understanding of the situation presently brought to the attention of the House by the government. I shall confine my remarks pretty well to general observations, consistent with the limited time at my disposal, and I should like to consider first of all the first chapter of the white paper, the document which has been referred to as a red manifesto.

Mr. Gibson: By whom?

Mr. Flemming: I did not say by whom. I said it had been referred to as such, and that

was a proper statement of fact. Under the heading Tax Reform, the imposition of a fair share of taxation based on the ability to pay is mentioned as the objective of the tax proposals. I rather object to soaking the person who has the ability to pay. It seems to me there should be considerations other than just the ability to pay; there is more to it than that.

Ability to pay is derived from the willingness of individuals to work to earn money and to acquire that ability. It does not just happen, and I do not think it should be taken for granted by any government. I feel that the person who has made an extraordinary effort should not necessarily be discriminated against. I am thinking, now, of the individual who has ambition for himself and for his family and who possesses a desire to improve, create and accomplish something.

Surely such a person deserves special encouragement rather than simply being soaked, which is the suggestion in this paragraph of the white paper. Why should he be penalized? This is a point which the Minister without Portfolio (Mr. Gray), representing the Minister of Finance (Mr. Benson) here this afternoon, might well bear in mind when the subject is further examined. I urge the government not to be induced into applying the principle embodied in the ability to pay theory. It is not automatic; government must be careful not to kill the goose which lays the golden egg; it should not discourage ambitious people. There are some who are willing to make the utmost use of the opportunities which present themselves, and there are others who do not possess such ambition. To my mind, the function of a government is to create a climate of opportunity and then encourage the individual to take advantage of it.

The phrase "tax reform" pretty well suggests a necessity for taxation. Under our system, taxation is essential inasmuch as it provides for the needs of government. Whether this is a good thing or not does not come into the question at the moment; it is simply a fact under our system. The state today is taking more and more of the pay checks of individuals; it is having deductions made from pay envelopes, it is asking people to pay in advance if they are eligible to pay. The suggestion is that the government can spend the people's money more wisely than the people themselves. There may be an argument against it, but that is our system. In recognizing the system, however, there is a danger that with it comes altogether too much freedom in taking liberties with people's earnings, and it is my opinion we should frown upon the free and casual use of this sort of liberty by any government, regardless of its authority.

I wonder whether anyone has looked up the meaning of the word "tax". In the context of this discussion it means: "Forced contribution of wealth to meet the need of a government." Another meaning is: "A disagreeable and burdensome duty or charge." These are not very pleasant meanings for a word to have. I submit we are dealing here with something we should not be very happy about; it just happens to be a necessity that individuals shall be taxed. A noted authority has said that "the power to tax is the power to destroy". This brings into sharp focus the danger of a careless or excessive use of that power and the serious effects unlimited taxation can have upon the financial conditions of many people. It could destroy them. I am also concerned about the effect it could have upon individual initiative and effort, because it could destroy that too. It could also destroy the incentive of individuals to make full use of opportunities presented.

• (5:50 p.m.)

In the government's proposals no mention is made of governmental responsibility properly to administer and to conduct financial affairs. No mention is made of control of governmental expenditures. The government is asking the people to accept tax reforms as a responsibility of the people, but makes no mention whatever of what the government will do on behalf of the people in the disposition of tax dollars collected from them.

I submit that the white paper should not only underline the responsibility of the people to accept the principle of the collection of taxes, but it should also commit the government to undertaking a proper financial operation with proper stability by not increasing its expenditures beyond a certain percentage of the gross national product.

The proposed tax reforms have been referred to as a movement toward socialism, and other labels have been applied to them. But, surely, in any far-reaching tax reforms the government should be responsible to Parliament, and through Parliament to the people, clearly to set out the measures it proposes to adopt in the interests of the people. This policy is rendered imperative by

the inflation that exists and an apparent willingness on the part of the government to accept inflation as inevitable.

Why do I say that, Mr. Speaker? In respect of the last issue of Canada Savings Bonds purchasers are guaranteed that their investment will be doubled in a period of eight years. I say this in itself is inflationary beyond question. It is probably the greatest indication of inflation today. My point is that if the government regards inflation as inevitable, it must take some measures that benefit the interests of the taxpayers, instead of merely soaking them with increased taxation. In my opinion, inflation is not inevitable. The government can cure inflation by applying business methods to meet the problem. The government is going to phase out some expenditures and live within its income. In other words, the government is going to do what Israel and West Germany have shown can be accomplished by hard work, thrift and the adoption of proper financial measures. Canada can well take a lesson from these two countries.

Since 1963 either this government or a government of the party of our friends opposite has been in office. What has been accomplished, Mr. Speaker? I should like to list some of the accomplishments. First of all, there has been an almost continuous series of deficits on ordinary account. Second, there is a degree of inflation which has brought about the highest cost of living in our history. Third, we now have the highest cost of money in history, as well as the highest expenditures. Similarly, we have had the greatest increase in taxation of any similar period in history, as well as the greatest increase in the number of bureaucrats, paid large salaries for mediocre performance, ever to be on the payroll of this country.

Deficit financing is justified only in times of high unemployment and limited economic activity. I acknowledge there have been times when this sort of situation existed and it was necessary, so to speak, to prime the pump by adopting deficit financing. However, since 1963—in fact, since 1961—all economists have agreed that we have been living in what has been termed the affluent society; times have been good. Yet successive Liberal governments have paid no attention to conditions. They have acted as though the affluent society did not exist. They have continued to borrow money and to compete with private industry. Instead of allowing private industry to take care of capital expenditures, Liberal governments have competed with private industry for labour, for materials and for money. To a very great extent the government is responsible for the inflationary situation that now exists in Canada. The government was warned by the Governor of the Bank of Canada several years ago that this was happening, but paid no attention. Only when the situation became serious was drastic action taken.

Mr. Deputy Speaker: Order. The hon. member may want to call it six o'clock. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Flemming: Mr. Speaker, I want to conclude these remarks by reference to a capital gains tax. I feel strongly that an underdeveloped country like Canada should make a great effort to attract risk capital. Our three-year exemption from income tax and the absence of a capital gains tax attract this type of capital, the beneficial results of which have been very apparent in recent years. My leader, in the course of his speech on Friday, made our position very clear. He stated that under the government's proposals there will be less encouragement for the development of mines and of oil exploration in the more remote areas. This is undoubtedly true. The factor of capital gains caused by inflation is surely something which will be most unfair to tax in any form whatsoever.

I can understand a government proceeding with a plan to do so, but I want to refer to the suggested mechanics of applying the capital gains tax. To accept a valuation on a certain date as being final and then apply a five-year revaluation at the end of that period, regardless whether the capital gain has been realized, constitutes a tax on capital rather than a capital gains tax. I submit that a country like Canada, needing capital investment for development purposes, should not apply a tax on capital at any time. This is especially true when the rates suggested in the white paper are higher than those presently in effect in the United States. I ask the minister and the government to recognize the difference which exists, so far as tax pay-

ments are concerned, between small business and large, widely-held business. I have some knowledge of the former because I have an association with companies which qualify under that heading.

In the first place, small companies often find it difficult to raise funds with which to pay the tax bill as rendered. In many instances the owners are active in the management. They draw as salaries the minimum amount needed to meet living costs. They use all the available capital to effect improvements in operation by purchasing equipment, machinery, erecting buildings and making other capital expenditures designed to improve their productivity and ability to compete, sometimes with other countries for world markets. To be asked to pay in cash the capital gains tax on an accumulated basis for all their improvements in value, when their liquidity does not justify the same, leaves only one alternative; and that is to sell out, even at a price which involves a substantial sacrifice.

Then the question arises, to whom do they sell? With Canadians facing the same tax laws and having the same general limited financial resources, the prospect of their having the financial ability to purchase seems remote; so they have no choice except to sell the business, at the best price obtainable, to foreign buyers. This is a hard blow to Canadian ownership. The chances are that the buyer will be a United States company.

I have never been very worried about United States ownership of Canadian companies so long as they observe Canadian laws, if such ownership has been the determining factor in creating and developing industry. But to have tax laws which are likely to drive Canadian companies into U.S. hands through a forced sale for the reason that it may be not only be the last but perhaps the only place to go, seems most undesirable. Governments should take a very dim view of presenting such legislation.

The government must recognize the need for incentives rather than discouragement, attractive tax rates rather than the utmost in extraction, and decisions leading to growth rather than to sacrifice sales. In the language of my leader on Friday last, Canadians will regret that this government, given an opportunity to develop a tax system that would not only be more equitable but would help provide a greater opportunity for Canadians to control our economic growth, failed to do so.

[Mr. Flemming.]

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, if an independent observer had listened to this debate last Friday and today, he would wonder whether the speakers were talking about the same white paper. Conservatives have described the white paper as a socialistic document and, even today, as a red manifesto, while the socialists, members of the NDP, have described it as a very conservative document.

In my opinion it is unfortunate that opposition members have taken such a partisan approach to this white paper, because when the minister introduced it he said he was putting forward proposals designed to bring about more equity in the tax system, balanced with incentives for economic growth. He said he was putting forward these proposals and wanted to hear discussion, criticisms and alternatives. However, all he got was criticism without any facts and figures behind it, and no alternatives suggested.

When the Leader of the Opposition (Mr. Stanfield) was speaking on Friday he said this was wrong in the white paper, and that was wrong. He criticized the increased income tax rates in the middle-income bracket; he criticized the revaluation and the five year period; he criticized other things. But he did not say how we should raise the money that we would lose if we increased exemptions at the lower level. He did not say how we would make up the $1 billion that would be lost by increasing these exemptions and adding new ones. He spoke very much as though he is in favour of everything good, and he opposes anything that is hard to take in the system. He appeared as a very lean Santa Claus in the House of Commons at this time as we approach Christmas. In his speech he almost appeared to favour motherhood.

If I could be convinced by the opposition that anything in the white paper was bad for the economy, I would certainly agree with them. However, I do not want just broad criticisms in general terms about these measures. All we have heard is wide criticism of measures. Let us know the exact dollars and cents picture behind those criticisms. If hon. members approve of the exemptions at the lower level, let them tell us how we are going to make up the money that will be lost. Such a loss has to be made up. Let them tell us in dollars and cents where that money is to be found. Let us not have this type of speech in which hon. members say they approve of the exemptions but disapprove of the increased

rates in the middle brackets and disapprove of the capital gains tax. Let us hear alternatives in specific terms. If hon. members convince me, I will vote with them.

Some hon. Members: Oh, oh.

Mr. Allmand: I put the challenge to you. If you cannot meet that challenge, that is a failure on your part. I am interested in seeing good tax law, as I am sure the minister was when he put forward these proposals. He has put the challenge to hon. members and I hope we can have a reasonable discussion with suggested alternatives. It was my impression that this two day debate on the motion referring the white paper to the committee would provide an opportunity for members of this House to find out whether, and where, there was agreement in respect of the white paper among members of this House, as well as where there was disagreement and what the alternatives might be. In referring the white paper to the committee I felt we might have a non-partisan approach with alternatives and constructive criticism.

This afternoon the hon. member for Peel South (Mr. Chappell) criticized the white paper. He is a government member. The hon. member for Burnaby-Richmond (Mr. Goode) criticized the white paper. These hon. members did put forward what I thought were constructive alternatives. Some hon. members of the opposition have done so but many others have not, including the hon. member for York South (Mr. Lewis), the lead critic for the New Democratic Party.

The Minister of Finance (Mr. Benson) suggested we would lose approximately $1 billion by raising the income tax exemptions at the lower level. The hon. member for York South said "nonsense", but he did not say how he calculated these increased exemptions, nor did he mention what type of losses would result. He said "nonsense", "bunk" and then turned to another subject. If hon. members do not think that $1 billion is the correct figure, let us have their figures and let us hear their alternative proposals for obtaining this extra money. If they do that, I will consider their proposals seriously.

• (8:10 p.m.)

Mr. Woolliams: We will be very informative.

Mr. Allmand: I hope so. I hope we have not lost all opportunity in this debate. There will no doubt be other spokesmen and I am sure they will put forward some constructive proposals as alternatives to the measures in the white paper.

The hon. member for Calgary North (Mr. Woolliams) this afternoon suggested it is not necessary to increase the rates in the middle-income bracket in order to make up losses at the lower level. He said we should cut our spending; that we should be more careful with our spending program. I was surprised to hear him say that because this summer in the month of August the Prime Minister (Mr. Trudeau) put forward one of the most pervasive and widespread systems for reducing the operations of all government departments.

An hon. Member: Look at the Department of the Secretary of State.

Mr. Allmand: That was an exception. When that system was put forward this summer, the Prime Minister said that the program to deal with bilingualism would be an exception. Not only that, but let me quote what the Leader of the Opposition said when these cuts were put forward by the Prime Minister. He said that it is a pretty rough kind of axe, meaning that because of this program some civil service positions would have to be eliminated. That is true; but we cannot have it both ways. You cannot restrict government spending and expect everybody to applaud. It is a tough decision to make.

Whenever we discuss the matter of restricting government expenditures, members of the opposition always want the cuts made in an area which will not affect their constituents. If you live in Montreal and are a constituent of mine, and a cut is to be made which will affect something in the city of Montreal such as the airport or harbour, you would probably say "Oh, no" and suggest that the cut should be made perhaps in respect of the Prince Edward Island causeway. I do not agree with my constituents when they say that.

Mr. Speaker, I have sat here for two days listening to hon. members opposite. I was very quiet when they spoke. I must be touching their sensitive spots now because they are becoming excited and do not appear to want to listen to me. If hon. members are really serious in suggesting to the government where cuts in spending can be made, they should be specific. They should be honest about it. If they have in mind a certain area, they should mention that area. I suggest that recommendations in respect of cuts in expenditure should not be made in a general way.

On the point of increasing the exemptions at the lower end of the income tax scale, the Minister of Finance (Mr. Benson) said that with the increased exemptions we would lose $1 billion in revenue.

Mr. Woolliams: $1 billion.

Mr. Allmand: Yes.

Mr. Woolliams: Get your figures right.

Mr. Allmand: That is what I said, $1 billion. I have not heard what figure you have calculated. The Minister of Finance also pointed out that when you increase the exemptions in this manner, you do not have too much room for manœuvring. He said there are not too many areas where you can raise that amount of money without raising the income tax of the middle income groups. At the beginning of the white paper the minister points out that 39 per cent of the taxpayers are in the group having incomes between $5,000 and $10,000, and that this 39 per cent pay 44 per cent of all the income taxes. He goes on to point out that fewer than 500,000 taxpayers or 7.5 per cent of all taxpayers who have incomes over $10,000, pay 35 per cent of the total income tax. So if the intention is to raise the exemption at the lower end of the income scale, and if that $1 billion is to be made up, it will necessarily have to be done in the middle-income area.

Mr. Broadbent: What about those at the top?

Mr. Allmand: The top too, but you cannot get it all from the top. I will put a challenge to the hon. member for Oshawa-Whitby (Mr. Broadbent), who I assume will be speaking in this debate. If he can show me how $1 billion can be raised in the top area without affecting the people in the middle-income area, I will go along with him; I will accept his argument.

Mr. Woolliams: You did, and then came back and voted against it.

Mr. Allmand: At page 9 in the white paper the minister points out that if additional tax of $1,000 was paid by every taxpayer with an income over $25,000, the additional revenue in 1967 would have totalled $48 million, enough to reduce taxes by only $13 for each taxpayer with income under $5,000.

Mr. Woolliams: Tell us more.

Mr. Allmand: This afternoon a spokesman for the New Democratic Party stated that they did not want any limit on the upper level. I do not know what they were suggesting. I would presume one would have to balance out the possibilities for revenue from all sources and make satisfactory decisions. It could be that it would still be possible to increase the upper level and lower the middle-income level by some figure. As I say, if a rational approach were put forward in that regard, I would accept it. I would agree with hon. members that a laudable principle is—and I would support it—that we have an equitable income tax system with graduated and progressive rates. I think this is what we should try to work out in the committee. If it can be established that it is unfair to have the levelling off on the rates of income tax at the upper levels, compared with the middle levels, let us have suggestions in respect of rates that would be workable and just.

I am quite willing to look at this question very seriously because I fully support the statement in the white paper that at present our income tax system is not equitable and that something must be done. As the minister said, we must combine incentives and economic growth with an equitable income tax system.

Although I support the general principles contained in the white paper, there are certain things I should like to see in it which are not included. I wish to mention these briefly. For example, I think that the $500 exemption for those who are 70 years old should be granted at age 65. Let us assume there are two old age pensioners, one of whom is 68 and the other 70; they each receive the old age pension, and nothing more. One would get an extra exemption because he is 70, while the other who is under 70 would not get it. I think this is an inequity, and yet it is suggested in the white paper. I believe that if there is to be an exemption for people on retirement, it should be given to all those on retirement at the age at which they receive the old age pension from the government.

• (8:20 p.m.)

Another point in the white paper with which I am not too pleased is the limit of $150 on the personal exemption in respect of people on salary. I cannot understand why a person who is working for a salary should be restricted to $150, while his colleague who may be working on his own in the same trade or profession should have no limit. I know that when I was working as a lawyer, I worked for a salary—I never worked in my

own business—and if I wanted to buy law books or buy my legal gown or the other things that are necessary for the carrying on of my profession, I received no exemption whatsoever. I had to operate under conditions which were not the same as those which applied to persons practising on their own.

Another matter in the white paper which I do not understand very clearly is the rule with respect to personal residence. I think that if we accept the premise that the personal residence should be exempt from capital gains tax, it should be exempt altogether. I cannot see the rationale behind the rule which introduces the $1,000 per year principle. I favour a system according to which the personal residence is completely exempt from capital gains tax.

Another item about which I have been concerned for several years is with respect to medical expenses. I know many people who have to buy medical supplies, such as syringes and needles for diabetics, which expense they cannot deduct under the provisions of the Income Tax Act although other people can deduct the cost of their medicines. I could never understand why a diabetic who had to buy these needles and syringes each week could not deduct their cost, just as those who had other ailments could deduct the cost of their medicines. However, there is nothing in the white paper which refers to that problem, and I would like the committee to deal with it when it meets.

There is also the question raised by paraplegics. There is a $500 exemption for people confined to a wheelchair. Originally this exemption was to help those people because they had to take taxis or pay for other means of transportation to get to work or to carry on their everyday affairs. However, the $500 exemption is out of date now. It does not in any way cover the expenses that a paraplegic or a person restricted to a wheelchair must bear. Paraplegics in my constituency have given me the exact figure, and it far exceeds $500 per year.

These are a few of the things in the white paper with which I am not too happy, and I would like the committee to deal with them if possible. There are a few other matters which have not been referred to by many people but which I think are good points which did not receive much publicity. One of them is the right to deduct gifts to national amateur athletic associations. That is a step in the right direction. It is in accord with the recommendations of the task force on amateur sport. I think it will do much to stimulate the groups that are trying to promote amateur sport in this country. I think amateur sport here needs a great deal of support.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order. I regret to interrupt the hon. member, but his time has expired.

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I am pleased to have an opportunity to express my opinion on the white paper that was tabled.

That document, I feel, might create a very poor impression on any clever person. To describe that document, I shall use the words of Mr. Charles Neapole, president of the Montreal Stock Exchange and of the Canadian Stock Exchange, who terms that measure "nonsense". I shall base my statement on four main points.

To increase taxes by $500 million, as stated, is, I believe, a patent theft, that penalizes small enterprises, but in no way helps the consolidation of the provinces, who considers this bill with some suspicion.

I should like to deal with a point which seems to me to reflect perfectly the policy of the present government, which is proposing to tax scholarships, among other things. If I give $2 to someone and the next day I take back 50 cents, he will think surely that there is something wrong with me. Why not simply give him $1.50 instead of giving him $2 and extract from him 50¢ the next day. Would it be that when I gave him $2, I wanted to make a good impression or that I am not smart at figures? If I give money to a taxpayer and take back some of it the next day, it is because I am a flatterer or because I do not know how to count.

This is the position of the present government: Either the minister is not smart at figures—and this does not say very much for him—or he wants the scholarships recipients to think highly of him, even though he intends to take these grants away by way of taxes later on, and this is nothing else but false pretences.

• (8:30 p.m.)

I humbly suggest that this is a most realistic image of the government system as it is administered by our ministers, or as it is described in the white paper. It is nothing

more or less than giving money to the taxpayer with one hand, either by means of scholarships, loans, allowances or anything else, and taking it back with the other, but with a smile and a flower in a button-hole.

Mr. Speaker, I want to deal now with the tax increase of $500 million. Whether this amount comes from the rich or the poor, everyone must realize, I think, that the government will take $25 more from every Canadian taxpayer. And they say that will help the Canadian people. How can the government make us understand that?

I contend that it is a patent theft as far as Canadians are concerned, and I do not believe I am the only one who thinks so, because Mr. W. H. Rapsey, former president of the Canadian manufacturers' association of electrical appliances said, and I quote:

It is patent theft.

Taxation by the government of Canada, at the stage where things are at present, is especially very contradictory and I explain myself. There are, indeed, unsold products, people condemned to unemployment, unused productive power on account of products failing to be sold and because of the lack of purchasing power, reduced for a great part by taxation. I think that all that is simply ridiculous.

Thus taxes are equal to theft nowadays because they should exist but only to take surplus money out of circulation while there are too few products. When money is needed, taxes should not be levied but purchasing power should be distributed through the grant of a national dividend and a compensatory discount, which would bring prices down to the real cost of production.

The financing of governments, of public investments must be made through new credits according to the actual needs and the production capacity of Canada, not through a tax increase at the expense of producers. Which brings me to tell the house that small businesses will therefore be the most hardly hit by the proposed reforms.

We are back where we started. Indeed, a year ago, the Post Office Department curiously strangled a good deal of small publishing businesses, under the pretext of serving the interests of the Department which, I insist, must serve the Canadian people; the opposite should not be true.

Now, I would like to quote an article of Mr. Fraser Robertson published in the *Globe and Mail* of November 12, in which he noted how contemptuous of small businesses the government seems to be, according to the contents of the white paper. Here is what he said:

In his proposals he chose to term a tax reform, the Minister of Finance obviously endorses the views of the Economic Council of Canada, namely that what Canada needs is the development of a few powerful monopolies which could easily fall under the responsibility of other cabinet members. He scorns small businesses, especially family ventures, thus reflecting the arrogance of our times.

Recalling that big companies such as General Motors, IBM and Massey Ferguson had modest beginnings, that they were small concerns before becoming powerful monopolies, Mr. Robertson said that even now, big businesses must rely on the small ones to obtain the raw materials they need.

He recalls that General Electric, for example, has more than 10,000 small suppliers.

By stifling small concerns, we must not forget that the government will be hurting the monopolies and will not encourage the Canadian economy. Those proposals are therefore contrary to those which should be set forth in the white paper.

Mr. Speaker, should a capital gains tax be levied, private industrial investments are going to be curtailed and the people's consuming power is going to be greatly reduced.

As a matter of fact, if capital gains are taxed, foreign and even Canadian businessmen will not be interested any longer in investing in our country. As a result, the productive sector which is kept rolling by investments—you will agree with me on that point—will be greatly paralyzed, hence unemployment, our natural resources left unused and high prices for our products. In a word, it will be a big setback in every field of our country's economy, even though our country is regarded as highly industrialized.

I believe that the fiscal reform proposals, if adopted as they are, will demonstrate an approach both ultra-conservative and ultra-reactionary since studies carried out by top economists have established that the government should use the budget to carry out a fiscal policy over an economic cycle in order to maintain current production at a level as close as possible to that of potential full-employment and maximum production and to balance the budget from year to year, a policy followed by the governments before the 1929-1930 economic slump.

It seems to me that the government does not follow a functional, modern financial policy, which would centre on the means to

have an economy of full employment while avoiding unwarranted price increases.

For this reason I think that the government, in submitting its white paper, is acting contrary to all modern principles of government. I suggest that the Minister of Finance should consult other competent economists so that he can present tax measures designed to ensure the progress of our economy and not its regression.

In an article published last Saturday in *La Presse*, Mr. Paul Allard, Minister of Natural Resources in Quebec, wonders seriously about the federal proposal to tax capital gains and to modify the tax rates, and I quote:

Speaking at the Universal Motel in Quebec, Mr. Allard stated that a certain danger might result from such policies, that "investors might prefer putting aside some no doubt productive but somewhat risky investments and concentrate on those offering higher dividends."

"Such a reaction" Mr. Allard added, "may have disastrous effects on the opening of new industries especially with regard to natural resources. It would be too bad if, through some action designed to give a more equitable tax system, the government should cause a slowing-down of the economy and as a consequence an increase in unemployment and in the cost of living."

I believe that federal-provincial relations are truly in need of a catalytic agent in order to develop in a peaceful climate.

The white paper on taxation, far from promoting understanding, is rather another vexatious measure imposed on the provinces by the federal government.

In British Columbia, Mr. Dan Campbell, Minister of Municipal Affairs, indicated that this document does not mention at all the provincial or municipal authorities whose views must, of course, be taken into consideration in any fiscal reform.

Premier Harry Strom of Alberta, in conjunction with other politicians in that province, regrets that nothing is done to alleviate the tax burden of the provinces and the municipalities in his own province.

Premier Smallwood of Newfoundland fears that the capital gains tax will jeopardize capital investments in Canadian industry.

In closing, I wish to tell the House that a tax reform is a good thing in itself provided it is not negative and does not interfere with the economy, since it is a pyramid in which the biggest businesses depend on the smallest ones, while the smallest ones depend on the individual.

Now, if the government strangles the small businesses, the big consortiums will be in a bad predicament and this tax reform will be detrimental to the workers, because if the owners of small businesses are forced to sell to pay their taxes, this will lead to unemployment and many other problems.

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I think that the document we are discussing is misnamed a white paper. In reality it is a murky grey. It is as difficult to see its real purpose and to judge its actual impact as it is to see the outlines of anything in a heavy fog. The economic objectives of a democratic society in which the greater part of economic activity is managed by free enterprise are generally considered to be as follows: full employment, reasonable price stability and a satisfactory balance of payments, all combined with an adequate rate of economic growth. The white paper proposals must be judged by their efficacy in fostering these goals. The position of the people who drafted the white paper on taxation is that Canadian national identity is so fragile that if outside economic influences are not restricted by using government action, the absorption of Canada will inevitably take place. By implication, anything Canadian per se is valuable, and outsiders less valuable. The white paper proposes many measures to foster this point of view.

To begin with, it is questionable whether these proposals will produce the benefits to the Canadian people that are claimed for them. They are more likely to have the effect of countervailing action or, at best, benefiting particular groups of Canadians at the national expense. The arguments that have been trotted out are the customary old fallacies: inability to compete with foreigners in free competition demonstrates their superior potential efficiency lurking beneath the surface, so that a subsidy of one kind or another is justified.

• (8:40 p.m.)

The Minister of Finance (Mr. Benson), in explaining the aims of his tax reform proposals, said they were to attain a more equitable application of the tax burden, to maintain prosperity and steady economic growth. An examination of the white paper indicates to me that not only will its provisions not attain these objectives, but they are more likely to achieve results diametrically opposed. The minister proposes to take away any trace of a tax burden from a large segment of low-income Canadians, lighten it considerably in respect of Canadians who enjoy very high

incomes, and sock it to the middle-income group. This is a deceptively simple explanation, and when coupled with the claim of greater equality it is somewhat dishonest.

The group he plans to sock it to are the very people who are currently carrying the greatest share of Canada's total tax burden. They are, largely, the creators and the doers, the producers of national wealth and development. They are also the same group that pays for education through municipal property taxes, and for soaring costs of higher education and welfare and health programs through provincial taxes of one type or another. There is a real danger here of the minister killing the geese that lay the golden eggs.

Lower income groups would be helped by raising the annual exemptions, for single taxpayers from $1,000 to $1,400 and for married taxpayers from $2,000 to $2,800. If both parents are working, an exemption of $500 per child is provided for costs connected with the outside supervision of children. Of the estimated 7,700,000 taxpayers, theoretically 750,000 would be removed from the tax rolls. This contrasts with the widely accepted theory that everyone should file a tax return and pay some tax even if it is a nominal one only, so that he realizes he is part of the community and not just a guest here. Taxes for about 3,000,000 would supposedly be reduced slightly, but the burden of taxes would be shifted to those who earn more than $9,100 per year, hypothetically 3,000,000 other taxpayers. On the other hand, the maximum tax rate would be lowered from 80 per cent to 50 per cent, but this would not affect very many because few taxpayers actually pay more than 50 per cent over-all, even under the existing schedules.

Income redistribution to favour lower income categories would be of some assistance to handicapped people who cannot function effectively. Tax relief to lower paid Canadians in some measure helps those who are starting their working careers and whose small incomes do not reflect their actual conditions. It would have been more fruitful to recognize the social needs of the disadvantaged in other ways. For example, the government could permit voluntary workers and teachers to include the cost of the time they spend in assisting the handicapped. Advisory work, employment counselling and voluntary teaching could have been given a boost if the time spent by volunteers were allowed to count as a tax reduction for these workers, at reasonable rates. Also, professional advisory training and job counselling firms specifically geared to help the handicapped should have been given tax considerations as an effective way of encouraging the private sector to participate in the effort needed to alleviate distress.

The estimates of the number of taxpayers who would be aided and/or hurt by the income redistribution proposals were based on 1967 figures. Inasmuch as wage gains have been averaging about 8 per cent per year compounded, by 1972 the number of taxpayers in the middle-income bracket would be nearer 4,500,000, not 3,000,000 which is assumed by the white paper. Middle-income taxpayers would bear the brunt of the tax increases proposed by the government. Similarly, the number who would gain from the revisions would be less than the white paper estimates and fewer than 750,000 would be dropped from the tax rolls.

The white paper is more of a social and political document than an economic one. No doubt there is a rich harvest of votes to be had by anyone who can remove 750,000 people from taxation. No doubt the proposals suggested will help to get this government off the hook of the overambitious and vastly expensive social welfare programs it plans to launch or has already launched. But the real problems of Canada have been deliberately avoided and sacrificed to political popularity and expediency.

The Economic Council of Canada emphasized what was already very clear, that each year this country must create thousands and thousands of new jobs simply to keep our economy turning over at the same pace, let alone speeding it up. Yet the reforms suggested in the white paper will sorely cripple, if not kill, the business expansion, the new economic initiative and the spirit of development vitally necessary to create these needed jobs. "The word 'reform' is an euphemism for increasing taxes", a leading Manitoba tax expert, I. H. Asper, said in a recent speech about the white paper. Even increased taxes might be supportable if it were certain that the new taxes would go for positive, productive development programs and not simply to carry Canada's multitude of ill-conceived, badly constructed and foolishly expensive social welfare schemes.

This, of course, brings us to another major weakness of the tax reforms suggested, the failure to consult about them with the prov-

inces, the failure to take the growing crisis in federal-provincial tax and financial relations into account and above all, the disastrous effect the tax reforms will have upon our already grievous regional disparity.

I believe, Mr. Speaker, that one of our most grave economic complaints, one that intimately affects the federal and provincial governments' need for more tax revenue and their inability to undertake many much needed development programs, is the unbusinesslike manner in which our major social welfare programs operate. Take any of them, medicare, hospitalization, and so on; they all appear to operate without even the most primitive form of cost control. The result is that all levels of government in Canada today are caught in a vortex of rapidly accelerating costs which they do not seem to know how to check or control. It is little wonder that people like the Minister of Finance will attempt any subterfuge, underwrite any wild scheme, to procure the great quantity of tax revenue needed every year by these open-ended programs that apparently cannot be changed and certainly cannot be abolished.

As to regional disparity, many provinces, including my own province of Manitoba, suffer from several severe economic handicaps. They are discriminated against in such matters as tariffs, freight rates, immigration policy, regional development and half a hundred other areas. What they all desperately need—in fact, it is a common No. 1 priority—is industrial growth; and it is industrial growth that suffers most from the tax reforms suggested in the white paper. They actually penalize small business, individual initiative and enterprise. These factors are the whole foundation of industrial development and expansion.

New tax rates on business also would affect middle-income groups in other ways. The existing 21 per cent tax rate on small business is raised to 50 per cent, whether it is paid out in dividends or in gains in selling shares in these "closely held" businesses. This hurts family-controlled concerns and other small establishments. It is detrimental to growing enterprises. The natural urge to plough back earnings for growth expansion is squelched, and growth is thus diminished. Therefore, it would encourage small business to sell its shares to the public as widely-held Canadian shares listed on exchanges and becoming subject to the lower 25 per cent capital gains tax.

Dividends received from Canadian corporations would entail a credit equal to the tax paid by the corporation. Thus, if a Canadian corporation paying 50 per cent tax to the federal government declared a dividend of $1 per share, the recipient would "gross up" his dividend to $1 plus the 50 per cent rate of taxation, or $1.50 per share, and the shareholder would receive a credit of 50 cents per share in respect of his own tax. This is the main and only true sweetener for investors and would replace the present 20 per cent dividend tax credit. This would be a discrimination against those holding bonds and mortgages, because until the taxpayer reached an income of approximately $17,000 it would be greatly to their advantage to have shares in widely-held Canadian corporations and not hold mortgage or bond issues.

Pension funds would be obligated to have at least 90 per cent of their assets in Canadian investments or they would be subject to tax. This would replace the present requirement that only 10 per cent of the income of pension funds could be derived from non-Canadian sources. There is an assumption here that the primary obligation of pension funds is not to ensure maximum safety for the pension fund recipients at the least cost to the contributors; rather, it is suggested that pension funds should invest in things Canadian regardless of their relative merit.

• (8:50 p.m.)

Income from non-Canadian sources would be penalized so that Massey Ferguson, Moore Corporation or a distillery company would not be entitled to pass on a dividend credit to their Canadian share-holders on taxes paid outside Canada. International companies such as these would be discouraged, therefore, from locating their headquarters in Canada.

Similarly, subsidiaries abroad would be discouraged. Interest charges incurred as part of the debt structure of these subsidiaries would not be allowed, and the low rate of taxes of such subsidiaries would be discontinued. In many cases firms establish subsidiaries abroad in underdeveloped areas where they receive a several-year tax exemption from the host country; but now these tax-free earnings will be taxed by Canada. Consulting firms, among others, would no longer be likely to set up a foreign subsidiary in these havens. This would tend to discourage Canadian exports, because consulting firms and other subsidiaries usually promote the use of products and equipment with which they are familiar.

Any analysis of the white paper must take note of the careless anomalies which are present. For example, Standard Oil Company of New Jersey, E.I. duPont, Ford, Union Carbide and others would be obligated to pay every five years a tax of 25 per cent of the "paper" gains in the value of their Canadian subsidiaries based on market price changes of their stock. The five-year assessment of unrealized gains could not work for individual shareholders of many Canadian stocks classified as widely-held, because of the limited marketability of many issues. There are innumerable other examples which illustrate the impractical nature of the proposed legislation. There is no point in dwelling on this aspect of the white paper except to state that the improper drafting will inevitably mean that many of the proposals will have to be redrawn, even in the unlikely event that the basic concepts were accepted by the nation.

The onerous nature of many of these proposals, some apparently serving no purpose other than sheer maliciousness, such as the arbitrary periodic taxation of gains whether realized or not, will encourage tax evasion on an unprecedented scale in Canada. Enforcement, after all, depends ultimately on the consent of the taxed. The valuation of personal property, improvements of houses or farms and taxing gains in foreign securities would be so difficult to police that tax avoidance would become commonplace.

Without industrial and commercial growth there can be no new profits to tax, no new salaries to tax and no accumulated capital either to employ or to tax. If this growth slows because of discriminatory taxation or for any other reason, if it begins to dwindle, then so will tax revenues and the standard of life. If we ever allow this to happen we are simply creating for ourselves more non-productive social deadweight that will require a great expenditures of tax money to carry. This is why, in my estimation, the tax proposals as they now stand are so short-sighted and so damaging.

Capital, business ability and imagination always seek a congenial atmosphere. They take freight easily and move away swiftly. There is nothing in this proposal for tax reform that is congenial to capital or business, and in many respects it is freightening. At the very time we Canadians should be bending all our efforts to encouraging capital and business enterprise and know-how at home, we are by this white paper threatening them. If you doubt, as the minister professes to doubt, that individuals or small businesses will pull up stakes, let me give one or two examples. Take the case of a man in Winnipeg earning about $13,000 annually, smack in the middle of the group the minister has threatened to soak. In some instances under the new tax proposals he would pay $3,100 in tax, while a man with the same salary across the United States border in Minneapolis would pay only about $1,100. There is the example of a Winnipeg company manufacturing a certain product which it sells 90 per cent of in the United States. If he moved his business to Minneapolis, the proprietor of that small business would increase his after-tax profit by 50 per cent strictly on the basis of differences in the tax systems.

[Mr. Ritchie.]

All one needs to do is look at the Dominion Bureau of Statistics' figures regarding the natural population increase in Manitoba and Saskatchewan. Manitoba's population increased naturally by 70,000 during the years quoted in the figures, and Saskatchewan's population increased naturally by 75,000. But with a net migration for Manitoba of 28,000 and for Saskatchewan 45,000, Manitoba was left with an actual increase in population of only 41,000, and Saskatchewan 30,000. Canada must stop the haemorrhage that is bleeding us of brains, capital and know-how. These proposed reforms will only quicken the bleeding.

I mentioned the murky look of this white paper and the difficulty of seeing clearly what it intended. There are many who see much greater dangers in it than any I have mentioned. A highly respected Montreal financial and investment firm, Jones Heward and Company, were quoted in the Winnipeg *Free Press* as saying in part:

> The white paper is no simple Robin Hood approach to society, no simple accountant's concept of a redistribution of income, but a pure and simple attack on the free enterprise system embodying a punitive and discriminatory capital gains tax, a capital levy every five years, and an increased tax burden on the middle income productive group of Canada. There is no room for the small business with enterprise and imagination.

The same firm stated that "wealth is to be destroyed". Surely, Mr. Speaker, when such things can be said by responsible and knowledgeable Canadian firms, it behooves us all to take the closest look at the subject of the charge. After all, the cardinal tenet of Marxism is the destruction of private wealth. Other reputable authorities have made similar grave charges and have seen in this white paper, not a makeshift economic program but

an extremely radical blueprint for social and political change.

The assumptions of the white paper are that the government needs more revenue because more than $1 billion would be collected if the scheme were fully operating, given present levels of the economy. There is no mention of the fact that taxes can or should be used for economic stabilization or growth. Little consideration is paid to the implication of these tax levels on the economy, incentives for work or capital accumulation. The radical nature of these proposals is somewhat surprising in view of the fact that Canada's economic system is working reasonably well. There is an assumption that the people who build and run this country are stupid, because thrift and productivity are to be discouraged.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. J. A. Jerome (Sudbury): Mr. Speaker, I do not know how often a participant in a debate in this House begins by outlining those things which he proposes to avoid. Perhaps unlike the speakers who contributed to this debate last Friday and today, I do not intend to deal specifically with the widsom or otherwise of releasing some of the tax burden from the low-income people, although in my constituency there is a very heavy preponderance of people who carry a lunch-pail and punch the clock. It was welcome news that the government intended to alleviate the tax burden on that taxpayer.

I will not comment on the wisdom or otherwise of increasing the tax rates for those people whose incomes fall in the $10,000 to $30,000 bracket, nor will I talk about the crack-down on expense account living. I will not comment on the capital gains tax, although it certainly has a very direct effect on my constituency. Nor will I talk about the wisdom or otherwise of changing the situation with respect to the mining industry and the tax holidays they have enjoyed in the past.

The reason that I am not going to deal specifically with subjects of that sort, Mr. Speaker, is that I think they are matters of individual taxation approach and are not so much a question of the broad philosophical concern that we should be dealing with at this time. In any case, even if it were a proper consideration to be debated in this chamber, I would draw attention to the fact that when the white paper on taxation policy is about to be transferred from this chamber to the standing committee, is not the time to be dealing with these specific items, the specific concerns of pages 1, 2, 3, 20 or 30 of the white paper.

• (9:00 p.m.)

This is, in my opinion, the time for us to concern ourselves with a more philosophical approach. I suppose hon. members who have had more experience in this chamber than I will be somewhat surprised to find someone standing up and talking about the philosophy of government or the basic principles of government in a democratic society, of government for the people, of the people, by the people, or whatever combination of those words one wants to use at any given time.

Some of these phrases may sound a little tired, or as if they came from an essay by a political science student. Nevertheless, I think it is an appropriate time for us to consider the basic philosophic principles underlying our system of government. I say this because today, perhaps more than at any time in the history of our country, we are aware of the influences which are attempting to divide us as Canadian citizens, to set provincial governments against the federal government, province against province, east against west, citizens of one linguistic group against those of another. These forces are stronger now than at any time in our history.

When we talk about separatism, or the tendency to try to divide us and break up our institutions, we are not taken as lightly as we were a few years ago. Of course, it is not radical to talk about the fact that there are forces at work in this nation today which would divide us and break up confederation. But the ideological forces which compare our system of government with the systems in vogue in other countries are no longer distant, no longer theoretical. They are present in our country today, taking their place and making their influence felt. It is no accident that people are talking about separatist influences and subversive influences in everyday speech in this country.

When people in various parts of our nation are talking in these terms and, particularly, when the young people in our schools and universities are telling us that our political system is out of step and irrelevant, it is surely time for us to become concerned. When they come to us, as they came to the

recent convention of our party, not to tell us, not that they support some other political party, or that our party is not as good as one of the other opposition parties, but to tell us that all our parties are irrelevant to the needs of the Canadian people today, we had better wake up and consider whether our system of government can stand up to this kind of scrutiny.

I think this is an appropriate time at which to consider whether the approach we are taking to the subject of taxation in this white paper is, from all points of view, the correct one, the democratic one, so that regardless of our individual political differences, regardless of the narrower approach which individual hon. members may take, we can all of us in the long run say we are proud of the system we employ to govern ourselves and that we believe it will stand up to the scrutiny and attacks of those in our country who deride and denigrate it, try to separate us and break down confederation rather than support it.

When we examine our system of taxation as a whole we realise we are not dealing with a piece of legislation which affects one part of the country; we are not dealing with a piece of legislation which has to do with a particular region or a particular pressure group; we are not dealing with legislation which concerns one particular facet of Canadian life; we are dealing with something which touches every citizen of every age, in every walk of life. Thus it is appropriate to ask ourselves whether our handling of this important and comprehensive subject is consistent with our understanding of good democracy and representative government. It involves the power of the government to collect money, and this in turn influences directly its ability to continue its programs or embark on new ones, to spend money, much of which will be redistributed among our citizens. It affects every citizen, every possibility, every potential, every hope which Canadians have for the future. More important still, it represents our approach in 1969 to the correct government policy involved in the redistribution of the wealth of this nation. If this is not sufficiently important from the point of view of every taxpayer, I cannot imagine what is.

If there is one area in which the federal government must take a lead at this time, if there is one clear, consistent and strong reason for supporting the federalist type of governmental system in this country, it is the necessity for a central government able to assume primary responsibility for redistributing money to the citizens among the economic groups of all the regions. The federal government must see to it that the power to collect taxes and the consequent power to spend money is used in such a way as to promote economic equality. So we are testing the very fabric of the government, which involves the right to tax and the method of doing so.

We are testing its programs and its ability to take money and spend it among the less privileged of our nation; we are examining the role of the government in redistributing the wealth of our nation. The final test of any governmental system is: to what extent does it see to it, through our system of taxation and spending, that all citizens have a reasonable opportunity to enjoy a decent standard of living? In doing this, we are examining what I believe to be the very basis of our system of government. In this respect we should take pride in the fact that we have advanced to a stage at which we can abandon the archaic system under which changes in taxation policy could only be implemented under conditions of the greatest secrecy and could only be enforced by means of a budget which was kept secret even from members of this House until it was announced. Measures thus introduced take effect with stunning force and the citizens directly concerned wake up to find themselves suddenly confronted by news of the way in which the government proposes to collect money from certain sources for redistribution to others.

This atmosphere of secrecy was, in my opinion, a weakness in our system of government. The fact we have now progressed to a stage at which we are able to adopt a white paper approach, and table in this House complete background information outlining in detail the policy of the government on taxation matters, is something which I profoundly welcome. This gives the nation an opportunity to react, an opportunity to understand the background and to express its views, an opportunity for citizens to discuss the measures proposed and apply them to their own way of life, to their own spheres of activity, to their own line of work or class of business. This in turn enables them to take part in our democratic and representative way of government by voicing their reactions.

• (9:10 p.m.)

In addition, I take pride in the fact that we will also be using extensively the facilities of the standing committees' system. When this debate is concluded the matter will be trans-

ferred to a standing committee. In line with the rules changes recently made in this chamber and the increased responsibilities given to our standing committees, a full discussion and detailed examination of this document will there take place. All members of the chamber will have an opportunity to question those responsible for this white paper, to examine the government officials involved and, more importantly, to bring to the floor of the standing committee the views of their constituents as to the wisdom or otherwise of every page and paragraph, every proposal and provision contained in this white paper on taxation policy.

This is an important debate because we are discussing for the first time the white paper approach to a comprehensive taxation policy for Canada. When the matter is put on the floor of the standing committee for extensive and detailed study, we will be able to test our system of government further, and in two ways, the first being the capacity of every citizen in his country to voice his reaction to this important policy.

Since the introduction of this document I have spent a number of hours on week ends in my own constituency talking with various people about the white paper. Certainly it adds nothing new to this debate to put on record that the people at the lower end of the income scale are, generally speaking, happy at the fact that their tax burden will be lessened if these proposals are implemented. Neither is it surprising, I am sure, to inform the House that the people who are expressing greatest concern at the present time are those businessmen and others whose incomes fall within the $10,000 to $30,000 or $35,000 bracket.

Over the past weekend I discussed at great length these proposals with what I consider to be a good cross-section of my community. For example, I talked with the operator of a dry cleaning business, with the operator of a refrigeration business, with an architect, an accountant and the regional sales manager of a very large manufacturing concern. Each of these persons expressed different concerns and problems that he felt he would meet if these proposals were introduced.

With regard to the crackdown on expense account living, the feeling was that although others were able to advertise and charge the cost as an operating expense, under the new proposals they would be unable to take advantage of tax exemptions on money spent entertaining clients personally. However, such details are not the important matter; what concerns me is the opportunity that each of these persons, in his own individual capacity, will have to make a forceful representation to this House in regard to the problems he will face if these proposals are introduced.

All members of this House—not simply government members, or opposition members in their narrow political capacities, but all members—are faced with a challenge, and it is this: Are they going to use the views of their constituents to their own political advantage, or are they prepared to make a full contribution to the representative and democratic process that is involved in examining that most important facet of government, the power by taxation to raise and to spend money?

I suggest we face not one but two challenges. First of all, by being responsible members of this House we have to assist each individual citizen to react to this white paper. In addition to that, through our work on standing committees and in our contributions to this debate, both before and after the subject is studied in the standing committee, we must see to it that this chamber possesses the capacity to evaluate public reaction and apply it to government policy.

If we are successful, then in the final analysis, when these proposals are implemented in a year or 14 months from now, we will be secure in the knowledge that the white paper has had the best possible exposure to the democratic and representative process of government. Whatever be the final policy of the government, we will be able to say with pride that it has resulted from good democratic, representative government in Canada today.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in rising to take part in this debate I cannot help but comment on the remarks of the hon. member for Sudbury (Mr. Jerome) who has just taken his seat. He spoke at length on the democratic processes of government. He dealt with the idea of taxation policy being put forward in the form of a white paper, which is a sophisticated way of flying a kite. He then expounded at length on the fact—I think he repeated this three times—that this white paper will be referred to the standing committee and that the standing committee will examine it. Then he went on to accuse opposition members of being partisan. I say there is not one man on the government side who

can stand in his place and declare that the government has not been manipulating the committees of this House.

Some hon. Members: Oh, oh.

Mr. Horner: Certainly the government manipulated them last year and also the year before. For example, look at what happened to the transportation committee. As soon as we had the government members licked in the committee, they were withdrawn and members more in line with government thinking took their place.

Mr. Deputy Speaker: Order, please.

Mr. Jerome: Mr. Speaker, I rise on a question of privilege.

Mr. Woolliams: Don't start raising nonsensical points of privilege.

Mr. Deputy Speaker: Order, please. The hon. member for Sudbury (Mr. Jerome) on a question of privilege.

Mr. Jerome: Mr. Speaker, the hon. member for Crowfoot (Mr. Horner) just stated that I accused members opposite of being narrow and partisan. I did no such thing. I said that the question we will have to ask ourselves is whether the members opposite will become partisan. I made no accusation at any time with respect to the hon. member.

Mr. Horner: I hope the hon. member is not withdrawing his remarks through the use of such a fictitious point of privilege. My point was that the committees system adopted by this government is a farce. The committees are used as tools of the government. There is no way in which this white paper will receive fair and non-partisan scrutiny by the standing committee, because as soon as two or three government members begin to criticize the white paper they will suddenly find their names withdrawn from the membership of the committee. They will be sent to New York, to Siberia or somewhere; in any event, their names will be conveniently withdrawn. This is what happened with the transportation committee last year and again this year, and I imagine we will see it happen with other committees too. As the Prime Minister (Mr. Trudeau) and his henchmen understand the democratic system, committees are nothing but tools to be used by the government.

Let me now address myself to the white paper. The Minister of Finance (Mr. Benson) has used this white paper as a sophisticated method of flying a kite and is trying to sell it to the Canadian public. However, once they take a close look at it they will soon realize what is really happening to them and to their country. The finance minister of this country—this applies to any country, for that matter—must remain credible. We all remember what happened, when a former finance minister, Mr. Gordon, brought in a budget a number of years ago. He destroyed himself and his credibility. In fact, he nearly brought down the Liberal Party.

• (9:20 p.m.)

Mr. Woolliams: That was one of his better contributions.

Mr. Horner: He could not implement what he brought in and he never fully understood the implications of what he brought in. If the present Liberal government is not careful and continues to support the Minister of Finance, and if that minister does not withdraw many of the proposals listed in the white paper, the government may well be brought down again.

Let me read from an article which appeared in the Montreal *Gazette* of November 21, written by John Meyer. He had this to say about the white paper under the heading "Collecting those taxes won't be easy or cheap".

> The Benson proposals, for all their apparent simplicity raise more questions than they answer on application. This is becoming so evident that there is now a strengthening belief that many of them must be either substantially modified or else withdrawn. Once this is set in motion before the parliamentary committee it is quite possible that enough of the main thrust of the reforms will be blunted to make them acceptable.
>
> Some of the difficulties are in the area of collecting the tax. The best examples are to be found in the tax on gains and the five year valuation. The proposal to tax all gains from an investment in a foreign security, instead of half of the gains as in an investment in a Canadian security, simply encouraged the investor to set up an account in the U.S., something quite easily done.

Many members of this House have spoken about the fact that the proposals in the white paper hit hardest at the middle-income group. I am not sure they do not also hurt the people at the bottom of the ladder. Perhaps they hurt those people the worst. I have always been proud, as a Canadian, that an individual with nothing can rise to the very height of success. A Canadian does not have to be born with a silver spoon in his mouth, but can through his own efforts become successful. What would this white paper do for these

people? It would allow them to earn $1,400 instead of $1,000 tax exempt. Isn't the government being big? It would give these people an

It is a sham to suggest that this document ment do to allow him to earn $400 extra? Let us look at page 24 of the white paper.

It shows the combined federal-provincial tax as it was, on less than $909, as 14.80 per cent. The combined federal-provincial tax as proposed in this table in the white paper, on anything less than $1,000, is 23.04 per cent. This represents an increase of about 9 per cent. As soon as the individual who is suffering what I refer to as poverty gets the $1,400 exemption, or an additional $400, and attempts to crawl out of the mire, he finds himself right back in a situation of poverty with an increase in tax of 8 per cent of the first $1,000. This destroys one of the cherished beliefs I have always had as a Canadian. I have in mind the fact that someone from the prairies or from an area of economic disparity could rise to great heights in this country of ours. One could do so more easily in Canada than in any other country in the world. The proposals in the white paper shatter that belief because they would build a wall around those people who are in desperate need. This white paper does not encourage them to get out of that mire step by step, small steps at a time; it knocks them right back in. They will very seldom have the opportunity to get out.

I am pleased to see the Minister of Finance come into the House and take his seat. One might suggest I am misinterpreting this table in the white paper, but the same principle applies to small corporations, which represent another step forward in our economic society. These small corporations are just barely getting started and in many cases have borrowed money for funding capital. They will now have to pay 50 per cent tax instead of 21 per cent. The minister might say there was a loophole here which had to be plugged. Surely he does not believe that the small grocery store, wholesaler, farm corporation or mining company should be taxed to the same extent as General Motors. Surely if there was ever any foundation for establishing the $35,000 criteria, it is more apparent today than it ever was.

If the minister felt that $35,000 was too high why did he not lower it to $20,000 or $25,000? If he felt that 21 per cent tax on corporations earning less than $35,000 was too low, why did he not raise it to 25 per cent or 29 per cent? Certainly, anything would be better than 50 per cent. If the minister considers the number of small corporations that will go broke after the implementations of these proposals in the white paper, I am sure he will have grave second thoughts about these proposals.

What else does the white paper do? We have always been proud of this young country, with its tremendous development. Do the proposals in this document encourage us to get out and develop our own country? Do they encourage us to get out and own this country? I suggest they do not. This white paper discourages incentive. It discourages the individual who is now at the bottom of the mire and is trying to crawl out. It takes away the incentive of small corporations, farmers and people who may have some money and are prepared to invest it. It discourages big corporations from plowing money back into Canadian companies.

Does the white paper encourage Canadians to develop capital for the development of this country? I suggest it does not. This white paper discourages the accumulation of capital and the re-investment of that capital. What does the white paper do to the mining and oil companies? It certainly does not encourage them to continue exploration. This document discourages the growth of Canadian-owned companies because of the five-year valuation period. This proposal will in fact encourage United States takeover. The NDP does not have a monopoly of concern in respect of United States ownership of Canadian resources. Most Canadians are concerned about this, and most Canadians have a different idea as to how to go about recovering ownership of these companies. The white paper encourages takeovers by United States and foreign interests.

What does this white paper do for homeowners in Canada? I suggest it makes every homeowner a bookkeeper. Every homeowner will have to keep track of every little item of expense in order that he does not lose money. If he sells at a net gain, the pipe-smoking Minister of Finance will come along and scoop up that profit. What does the minister think he is doing in respect of the capital gains tax? Does he really think this will benefit the Canadian public? The Canadian public is today concerned about business efficiency and efficiency in government. We have heard all kinds of advice about a capital gains tax and whether it really pays to collect it. Surely it is not efficient to pay three civil servants to collect an amount equal to the salary of four.

The application of a capital gains tax as proposed in this white paper will be more severe than the capital gains tax in the United States. I suggest it will not accomplish anything if one considers the high rate of inflation we have experienced since the Minister of Finance and his cohorts took over.

• (9:30 p.m.)

Mr. Benson: Mr. Speaker, would the hon. member permit a question? I should like to ask him what the position of his party is in respect of a capital gains tax.

Mr. Crouse: We are not in power, Mr. Minister. You are, and it is up to you to do something.

Mr. Horner: This is an interesting question. I am sure the minister knows the answer. I am not in a position to speak for the party of which I am a member.

Mr. Benson: Why?

Mr. Horner: That would require a long answer. I do not have the time to explain that. I wish to deal with the question of what effect the white paper has on farmers. I cannot be sidetracked by such remarks from the Minister of Finance. What does the capital gains tax on farm land have to do with the farmer? The minister shakes his head as if to imply nothing. It is obvious that he is not a farmer. We saw evidence of this in respect of the Estate Tax Act. He does not concern himself about the farmers. He says the effect of the white paper would be to increase the tax on only 9 per cent of the farmers. Where are the farmers who pay income tax in this country?

Eighty per cent of these farmers are from western Canada. Is there a farmer in western Canada who can stand an increase in income tax? If there is, I do not know him. If the Minister of Finance knows one, perhaps he would place his name on the record so that all the other farmers in western Canada can visit him to see how he does it.

Mr. Woolliams: Just Harry Hays, the millionaire.

Mr. Horner: Because the effect of the white paper would be to increase the tax of only 9 per cent of the farmers engaged in agriculture in this country, the minister thinks it is not bad. What percentage of the farmers pay any income tax at all? Something like 18 per cent, and many of them are in western Canada. Most of the farmers are from western Canada. Not too many of them can even now afford this, and by 1972 perhaps they will be worse off because of the rate of inflation. What effect would the white paper have on the livestock industry? It would completely destroy the effectiveness of keeping a basic herd. The minister shakes his head. He knows nothing about agriculture. Let him read his own white paper. The basic herd principle will be of no real value to the farmer if the white paper is implemented.

What will the effect of the white paper be in respect of the depreciation of farm machinery? Up until this time there has been a capital gain in respect of the sale of used farm machinery. All of a sudden this will become taxable. In the long run this might have the effect of bringing down the price of farm machinery, but it will be so far away that both the Minister of Finance and myself will be in our graves. To me this represents an increase in taxation to the farmer. What happens to the five-year averaging principle by which farmers for years have been able to average their income over a period of five years? With the ups and downs in agriculture, particularly western agriculture, this is very necessary. The five year averaging principle which has been beneficial to farmers will now be completely eroded by the effect of the white paper.

Mr. Benson: It is not changed.

Mr. Horner: The minister says it is not changed. He does not know what he has written in his white paper.

Mr. Benson: It is not. Did you read it?

Mr. Horner: It is changed; there is a different formula. The evaluation principle is taken into consideration in the averaging of the five years.

Mr. Benson: Not for farmers.

Mr. Horner: Well, for how many years will it not be for farmers?

Mr. Benson: Come on, read it.

Mr. Horner: What effect does the white paper have on farmers who wish to borrow money from the Industrial Development Bank, from farm credit organizations or from other lending institutions? The Minister of Agriculture (Mr. Olson) stood up in this House and said that the avenue to success in agriculture is to become a farm corporation, a corporate entity. He said that farmers should

band together. If the family farm was O.K. previously, it may not have the same success today. What will happen to the small farm corporation? Will the minister stand up in his place and say that the small farm corporation will not be hurt by the increase from 21 per cent to 50 per cent?

Mr. Benson: If they have more than $24,000 profit.

Mr. Horner: If they have a profit of more than $24,000 they will be taxed at the rate of 50 per cent, but less than $24,000—

Mr. Benson: No—

Mr. Deputy Speaker: Order. I would prefer to hear the hon. member for Crowfoot. We are not in committee of the whole and I do not think we should proceed with this type of exchange.

Mr. Horner: Well, Mr. Speaker, the minister continually nods and shakes his head, and it has been difficult for me to continue because of the way he has been carrying on. What effect will this have on the provinces? The basic implementation of the white paper will bring about an increase in taxes over a five year period of $560 million. The federal government's share will be eight times the share of the provincial governments. Anyone who has studied revenue needs over the past two years will agree that municipal and provincial revenue needs in the next two years will increase faster than the revenue needs of the federal government. What did the minister take into consideration here? Did he consult the provinces? Did he concern himself with the plight of the provinces in respect of money? Not very much.

Mr. Deputy Speaker: Order, please. I must interrupt the hon. member to advise him that his time has expired.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I understand there are only two more speakers who wish to take part in this debate. In view of the fact that it would be desirable to complete the discussion of the matter now under consideration, I should like to move, seconded by the Minister of Finance (Mr. Benson):

That today's sitting shall be continued beyond the ordinary hour of daily adjournment for the purpose of considering Government Order No. 32 until 12 o'clock midnight or until the said order be disposed of, whichever be the earlier, and that S.O. 40 shall be suspended for today's sitting.

Mr. Deputy Speaker: Order, please. Hon. members know that under Standing Order 6(5), if more than ten members object, the motion shall be deemed to have been withdrawn. Accordingly, I must ask those members who object to please rise in their places.

And more than ten members having risen:

Mr. Deputy Speaker: As more than ten members have risen, the motion is deemed to have been withdrawn. The hon. member for Oshawa-Whitby (Mr. Broadbent).

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the last act was rather difficult to follow. The hon. member for Crowfoot (Mr. Horner) has made the Minister of Finance (Mr. Benson) look like someone a little left of Karl Marx. My following the hon. member for Crowfoot will, I hope, put him back in some kind of perspective, perhaps not so far as the twentieth century but possibly so far as the late nineteenth century is concerned.

The white paper has been proclaimed by many members on the government side, including the Minister of Finance, as a great, progressive document. However, if our standard of comparison is taxation policies in advanced industrial nations, including those in western Europe, the document is in fact a conservative one. Considered in the light of progress, the document is very long on suggestion and very short on substance. One of the best signs that this document is a conservative proposal in Canada is the fact that most newspapers in the country have accepted the general principles outlined in it. When editorial writers in Canada's newspapers accept something, it is a pretty good indication that we are not in for a radical change.

• (9:40 p.m.)

The government members have made a lot of the fact that 750,000 people are going to be taken off the tax list. I for one am not at all impressed by this fact, if one looks at what will be the average tax saving. A man who saves $20, $30, $100 or even $200 in taxes, according to the proposal which, if we are lucky, will be implemented two years hence, will have that very quickly written off, given the trend of inflation in this country. So the gains are really insubstantial, I suggest.

What are the principles of good government spending and of a just taxation system? I suggest they are four: first, taxes should be based on ability to pay; second, tax proposals

should be comprehensive, that is to say, all income should be included—a buck is a buck, as many have said; third, the tax system in an advanced country should have, as one of its principal objectives, the goal of achieving a redistribution of incomes; fourth, the tax system, in the judgment of this party, should be one means of offsetting the influence of a consumer goods industry by providing needed public goods and services such as hospitals, parks, athletic facilities, theatres, streets, schools and universities.

The hon. member for York South (Mr. Lewis) last Friday in this debate tried to deal in a general way with each of these objectives. I would like to take the time available to me to deal with one in particular, that is, the argument that has been advanced by the New Democratic Party that even if implemented—and we have no guarantee of this—the proposals for tax reform in the white paper would still leave Canada with a taxation system which grossly favours the rich as opposed to the average and the poor income people.

I want to try to document this argument very briefly. First of all, nothing would be done about the serious plight of the poor in this country. The Economic Council of Canada showed that the percentage of income of low-income people in this country, of people at the poverty level in fact, has not changed in a significant way in the last couple of decades. It has also been shown by the Economic Council of Canada that the percentage of income of the bottom 20 per cent of families in the income schedule of this country between 1951 and 1965 did not change. In 1951, 20 per cent of families on the income scale received only 6.1 per cent of income. In 1965, some 14 years later, this increased to 6.7 per cent, or almost no change. The second 20 per cent rose only from 12.9 per cent to 13.4 per cent in the same period. In 1965, just four years ago, the bottom 40 per cent of Canadian families received only 20 per cent of the income.

What is the conclusion? The conclusion, also very ably documented in a whole series of studies that have appeared in recent years, is that 20 per cent of Canadians live in poverty—serious, unhealthy, unpleasant poverty. They consist of the elderly, the people in our rural areas, probably half the population of the Atlantic provinces, a large number in Quebec, a very high percentage of our Indian and Métis population, and many thousands in the cores of our large cities. Another 20 per cent of the population are barely above the level of poverty. What does this mean? It means that 40 per cent of Canadians, almost half the population, live on very low incomes.

What does the white paper really propose to do about this situation? One suggestion has been to raise the exemption to $1,400 and to $2,800 for married couples. Will this lift the burden of taxes completely from the poor? No, it will not. According to the Economic Council of Canada, even in 1967 a family with two children needed a minimum income of $4,200 to get by. In his speech last Friday the Minister of Finance (Mr. Benson) indicated he knew very well that many of Canada's poor would still be paying taxes if this white paper is accepted.

He accepted the fact then—and I think it bears repetition—that this great document proposing a taxation reform will still leave thousands of Canadian families living in a state of poverty and paying taxes. He indicated in the debate on Friday that to change this we would have to increase taxes on the rich to levels beyond the one which he is proposing. I say: Why not increase the level of taxation well beyond what is proposed here for those who can afford to pay? Why not remove completely the special tax exemptions which still remain for the petroleum industry and others? If we take seriously the goal of eradicating poverty, as have countries with a per capita income much lower than our own, we can do it; but it means those who are in a position to do so will have to pay more taxes.

A few years ago I spent a month in Scandinavia, a good part of that time in Norway. When I was there in 1963 the per capita income was approximately the same as that in Great Britain, but the distribution of income was very different. I was given to understand at the time that only some 1,100 people in that country had incomes which exceeded $10,000 a year. But the social effects were amazing. Nowhere in that country did I see concentrations of poverty. Nowhere did I see grotesquely run-down cities or undernourished and badly-clothed children. The reason is simple. Given the same per capita income as Great Britain, which is much lower than that in our country, their government was seriously concerned with the problem of poverty and applied taxation as a means of social reform. In order to look after those who needed it, they taxed those who could afford to pay.

• (9:50 p.m.)

It is a shame to suggest that this document before us moves in any significant degree in that direction, and I am astounded by my friends on the political right, and also those on my physical right in this House, who rise and suggest we have here a radical document of some sort. That is absurd. Not only is there no significant increase in the tax levels for the higher income groups, but the whole means of taxing and the degree to which the rate is raised seem to me to be basically erroneous. Raising the exemption level, as has been pointed out, is in fact benefiting those at the higher levels in terms of dollars. It benefits them more than the poor. What should have been used in much greater degree is a whole series of tax credits, and these could have been applied to the lower levels only.

The answer is a complete system of tax credits instead of exemptions. As calculated by the hon. member for York South (Mr. Lewis) in his speech on Friday last, such a system would raise two-thirds of the money which the minister's proposals are designed to raise. The second and related point to be made is that the wealthy in Canada are quite happy. In the Minister of Finance we do not have a Robin Hood, a man who takes from the very rich and gives to the very poor.

What are the real facts about the increases in taxation? A married couple, with two children, who have an income of $20,000 will pay only $60 more. If such a married man earns $25,000 he will pay only $47 more, and if he should be a poor man with an income of $30,000 he will pay only $35 more. On the very highest level of income, Mr. Speaker, the government, this supposedly progressive government, has the audacity to put a 51 per cent ceiling on income tax. What view of justice, I ask, can lead the government to tax men living in the state of poverty in Canada, but allow millionaires to have a 51 per cent tax ceiling? Anyone who would suggest that this is at all just needs to undergo very serious self-analysis.

The principle is clear. With this proposal, the richer you are in Canada the smaller is your tax increase. It is no excuse to say, "Oh yes, but we are also going to tax those people on capital gains. They have not been taxed that way before." That is a curious kind of fallacious argument. Because we perpetrated an injustice for many years by not taxing capital gains, the government now says we should modify the blow by taxing them at a very modest rate. This is an argument of the most expedient political kind. It says to the higher income group who vote for the Liberal Party, "Don't switch back to the Conservatives now. We are not going to be too tough on you. We are not going to introduce a really just system of taxation."

Generally speaking, as has been pointed out the real burden of increases in taxation is to be felt by those with incomes between $9,000 and $15,000. Why not on the rich? Why the special exemptions for certain kinds of industries? Why not a higher increase in corporation taxes? If we want to remove poverty and lift the burden of taxes that will still be paid by people living in poverty, why do we not do those things?

I would now like to turn to another example of inequity in the proposed system. It concerns the supposed benefit that an employed person can obtain by deducting certain expenses for his work. A $150 ceiling has been placed on the amount a worker can claim. Why this ceiling? Why impose such a limit on what a working man can claim when no equivalent limit is placed on employers or professional people? Again, it appears a clear case of discrimination which favours the rich over the poor. It is very hard for me to escape the conclusion that there is a very high degree of cynicism involved. To me it is an unscrupulous trick, the main purpose of which is to get the working people to accept the higher rates of deductions allowed for other people.

The fourth point I want to make on this general question of benefits which favour the rich over the poor and the average Canadian, concerns the failure of the government to embark upon a serious program of public investment and public expansion. If we build public swimming pools, parks and universities, the average income and poor Canadian benefits as much as the rich. If we remove pollution from our waters and air, if we preserve and build attractive cities, if we expand our hospitals and increase our medical research, the ordinary Canadian gains as much as his wealthy neighbour.

All of these are public goods; all require public investment. They all tend to favour the ordinary or the average man with benefits he could not purchase on the open market. Through this kind of use of our economic resources we can really equalize conditions to a very significant degree for all Canadians. However, if we look at the white paper we again see the kind of discrimination which tends to perpetuate the status quo as against expansion in this public domain.

Proceedings on Adjournment Motion

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): Mr. Speaker, I would like to clarify the business for tomorrow. The plan to have the motion presently under debate disposed of after a two-day debate has been aborted, and it looks like two weeks from today, December 15, before it could be dealt with again. The business for tomorrow will be as announced, starting with item No. 10 in regard to the CNR—

Mr. McGrath: Don't count on that one either.

Mr. Macdonald (Rosedale): —and we will be seeking co-operation with respect to a special order for four finance bills, items Nos. 42, 43, 44 and 45. I hope to be able to announce that to the House tomorrow.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

CONSUMER AFFAIRS—CANADIAN PRICE OF FORD "MAVERICK"

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on November 20 I addressed the following question to the Minister of Industry, Trade and Commerce (Mr. Pepin), as recorded at page 1031 of *Hansard*:

> Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce whether his department is investigating the charge made by the Canadian director of the United Auto Workers that the Ford Maverick car produced at St. Thomas and exported to the United States is sold there for $380 less than in Canada?

The minister was not very impressed with my question or with the importance of the problem, because his answer consisted of simply saying:

> These things happen. It is quite possible that a company's general marketing policies give rise to this situation.

In other words, the minister saw nothing wrong with the policy and proposed to do nothing about it. It is interesting that the minister thought there was nothing wrong and proposed to do nothing about a policy under which Canadians will pay more for a product produced in Canada and exported to the United States.

[Mr. Broadbent.]

• (10:00 p.m.)

On the same day the Minister of Energy, Mines and Resources (Mr. Greene) was asked whether, in view of the increased prices for natural gas being paid in the United States which would undoubtedly lead to an increased price in Canada for natural gas, he would consider a policy whereby prices in Canada would be less than those in the United States. The minister suggested that it was an inefficient industry which permitted a two-price system, one in Canada and one in the United States. In other words, Mr. Speaker, it is inefficient in the opinion of Liberal ministers if the price paid in Canada is less than the price paid in the United States, but it is quite normal if Canadians pay more for something produced in Canada which sells for less in the United States.

What are the facts in this case? There are two Ford plants, one at St. Thomas in Ontario and one at Kansas City, which produce all Ford "Mavericks" being made. Seventy-five per cent of the Ford "Mavericks" produced at the St. Thomas plant are exported to the United States and sold there. What do we find? These cars are shipped across the border every day, duty free. The same type of car off the same assembly line, built by the same workers with the same materials and the same built-in cost factor sells for $380 less in the United States than in Canada. In other words, Mr. Speaker, the minute the car crosses the border the price is reduced by $380. Part of that differential is due to the different tax system, but according to the company the remainder of it is due to the fact that warranty servicing is more expensive in Canada, Canadians roads are more expensive and the policy of bilingualism is adding to the Canadian price.

These are merely excuses. When we dealt with the U.S.-Canada auto pact we were told that a number of things would happen: We would produce more cars in Canada, and this has happened; we would reduce the balance of trade deficit as a result of auto transactions, which was important and has happened. We were also told that part of the cost to the Canadian taxpayer would be that we could no longer collect $50 in duty because that, in effect, now goes to the automobile companies; that the industry would be more efficient; that it would be rationalized for production; that runs would be longer and therefore prices would come down. But that has not happened. As I have pointed out, in the case of the "Maverick", prices are substantially higher in Canada than in the United

States. The price of cars produced in Canada is higher in Canada than that of the same cars shipped to the United States.

There are two explanations for this, Mr. Speaker. Either every car shipped to the United States and sold for less than in Canada is sold at a loss—and I do not believe that, nor do I believe that the minister or his parliamentary secretary would argue that—or the price in Canada is such that the companies are making an exorbitant profit on Canadian sales. I suggest that the minister could handle this situation either by renegotiating the U.S.-Canada auto pact or by removing the duty, so that if the individual consumer wants to purchase a car he can bring it in duty free in the same way as Ford, General Motors or Chrysler. The day he can do that, Mr. Speaker, there will be real competition and the price will come down to where it ought to be.

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, because of the unavoidable absence of the Minister of Industry, Trade and Commerce (Mr. Pepin) and his parliamentary secretary, I shall be pleased to reply to the hon. member's questions.

It was indicated in the House previously that the suggested retail price of the Ford "Maverick" is United States $1995 for sales in the United States, and Canada $2375 for sales in Canada. After making allowances for exchange and the higher federal sales tax in Canada, and allowing for the effect of dealer mark-up, a difference of about $100 in Canadian funds or 5 per cent remains. In looking at this residual difference of about $100 or 5 per cent, I think I can do no better than quote from a paragraph at page 10588 of *Hansard* for June 25, 1969, where the parliamentary secretary to the minister made an answer to a very similar question concerning the price differential of the "Maverick". I quote it because I think it is a very fair statement of a basic source of this differential. He said:

> For "Maverick" sales to be made in volume in the U.S. market the car must be priced competitively with other cars in the Ford range and competitive cars of other makes. Since the general level of prices is still lower in the U.S. than in Canada this results in a differential pricing situation between the two countries.

It is not the government's policy to intervene in this pricing process unless there is evidence of serious distortion. The pricing of particular models is a matter for company decisions, decisions which are governed by the normal constraints of competition and consumer acceptance. It is expected that the auto agreement will continue to reduce the disparity of car prices in Canada and the United States.

I am not quoting from statistics, Mr. Speaker, but I think I am correct in saying that under the auto agreement the price differential has narrowed from approximately 10 per cent to approximately 5 per cent and that it is expected to narrow even further. The hon. member asked whether the government should be reconsidering its position under the automotive agreement. In answer to that question, I would like to say that in view of the increased production and the new employment which has been generated as a result of the agreement, a price differential which has been rapidly narrowing would not seem to be a justifiable reason why the government should reconsider its position under the automotive agreement.

Mr. Deputy Speaker: Order, please. The hon. member for Comox-Alberni (Mr. Barnett).

INDIAN AFFAIRS—BAND COUNCIL BORROWING REGULATIONS—PROVISION OF FUND

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, on November 21 I asked the Minister of Indian Affairs and Northern Development (Mr. Chrétien) a question about the newly enacted regulations under the Indian Act entitled "Indian Band Council Borrowing Regulations" which appeared in the Canada *Gazette*, Part II, indicating that this was an entirely new set of regulations. Mr. Speaker suggested that it was a question that might be put on the order paper, but I felt that there are, or can be, important questions of public policy involved in these regulations; therefore, I thought it would be a suitable subject to raise at this time.

I notice that these regulations are made under section 72(1)(m) of the act. On checking the act I find that subsection (1)(m) was added to the act in 1956. I might draw to the attention of the House what seems to me to be a rather interesting parallel. The regulations read:

> 1. These Regulations may be cited as the Indian Band Council Borrowing Regulations.
>
> 2. The council of a band may borrow money for band projects or housing purposes and may make loans out of moneys so borrowed to members of the band for housing purposes, on such terms and conditions as may be determined by the council.

• (10:10 p.m.)

On checking the legislative authority for these regulations I found that section 72 of

the act authorizes the Governor in Council to make regulations. Under subparagraph (m) the Governor in Council may make regulations for empowering and authorizing the council of a band to borrow money for band projects and housing and providing for the making of loans to members of the bands for housing purposes. It is obvious that the regulations are simply a re-enactment of the terms of the legislation which give this power to the Governor in Council.

The question which I feel should be answered is, naturally: What does the minister intend to accomplish through the passing of this set of regulations late in 1969, when authority was given to the Governor in Council in an amending act as long ago as 1956? It is true the authority has not been exercised either by Liberal or by Conservative governments in the intervening years.

One would have expected the regulations to expand somewhat on the provisions of the act. There are one or two questions which occur to me immediately. First, as I have mentioned, there is the question: What is the purpose of these regulations? We are all familiar with Indian needs and the limitation on their borrowing power because they are unable to make mortgaging arrangements in the ordinary way either as individuals or as a band. Are we to understand that the government is preparing, as suggested in my question, to set up a fund from which Indian bands might borrow at reasonable rates of interest under the terms of the regulations; or does the government have in mind making available some form of insurance guarantee such as is provided under various lending regulations so that, in effect, Indians can go into the public market when they want to borrow, with some kind of government guarantee behind them? I think this is a matter of general concern to members of the House and to all who are concerned with the possibility of the Indian people being able to proceed more directly to the management of their own affairs and the development of housing on the reserves in a self-sufficient way.

I again express the hope that the parliamentary secretary will be able to explain why the government should at this particular time have decided to act upon powers which were granted to it by Parliament as long ago as 1956.

[Mr. Barnett.]

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I can probably supply the information which the hon. member has requested. He should not be too concerned or even too critical of the fact that some time elapsed since the enabling legislation was passed and the regulations were promulgated. He will realise that in all areas of this government's legislative program, especially in the field of the Department of Indian Affairs and Northern Development, many new initiatives have been undertaken and many new programs are being proposed for discussion. This is the sort of thing that the government and the minister are doing to assist the native peoples of Canada.

I should like to put on the record in the very short time available to me a little information about what the government is doing to assist Indians and other native peoples in their economic development and in their housing programs. The hon. member who has placed the question before the House tonight will recall the recent statement of the minister—I am sorry I do not have the date in my notes—that an amount of $50 million would be made available over the next five years for the economic development of Indian communities.

The hon. member will also recall that Orders in Council were passed in September of 1967 pursuant to the Indian on reserve housing regulations. These orders provided that individual Indians may borrow money for the construction of houses on reserves from Central Mortgage and Housing Corporation. These loans are guaranteed by the minister, and a fund has been established to back the minister's guarantee.

In addition to that, pursuant to the Indian off-reserve and Eskimo re-establishment housing regulations, which were published in 1967, Indians and Eskimos who are regularly employed off reserves may be assisted in securing first mortgage loans from CMHC or approved lenders. They may also establish eligibility for second mortgage loans from a departmental loan fund. The second mortgage loans are forgiveable over a period of ten years if certain conditions are met.

Although my time is about to expire, I might just mention that by Treasury Board minute passed in 1966 capital grants may be

made to Indian band councils for the construction of houses. This is another part of the program to provide for the economic development of Indian peoples and to assist them to help meet their housing requirements.

HIGHWAYS—ATLANTIC PROVINCES—COST-SHARING FORMULA

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, the question that brings this vast assembly together at this hour arose from the demise of the Atlantic Development Board and its reincarnation in the Department of Regional Economic Expansion. A few days ago I asked the minister of that department what cost-sharing formula the department is now proposing to the four Atlantic provinces.

In the past the Atlantic Development Board had committed itself to the amount of $66⅔ million—I quote that figure from the annual report from the year 1967-68—and this amount was the largest single item in the spending program of the Atlantic Development Board. I think all hon. members from Atlantic Canada would agree that this was one of the most important pieces of work that was carried on by the former agency of the federal Parliament.

In view of this I would be interested to know what programs the new department, having had a few months to shake down and to get itself reformed, is now proposing to carry on in my part of Canada. I think that a declaration of the formula it proposes to use and the amount of money it proposes to spend would be of particular help to that region at this time. The provincial governments are preparing their budgets for next year, and they should know what kind of assistance, if any, will be forthcoming from the federal treasury in the important matter of highway development, if only from the standpoint of proper planning. In the past the formulae varied; it changed from one of 50-50 to one of 75-25, exclusive of the cost of acquiring rights-of-way.

As an aside, it is of interest to note that in dealing with Atlantic problems the transportation committee of this House suggested that the formula be as generous as 90-10; that is to say, the federal government picking up 90 per cent of the cost of certain main trunk projects in the four Atlantic provinces. This suggestion, by the way, happened to be unanimously agreed to by the members of that committee, of which I was joyfully one.

• (10:20 p.m.)

My purpose, then, in rising is to try to find out in some general way exactly what the new Department of Regional Economic Expansion proposes in the form of cost-sharing arrangements for future highway developments in Atlantic Canada. I did not have a chance to raise this question the other day, and I do not expect the hon. member who will reply for the government to respond to it now because it involves a fairly specialized field. Perhaps I may raise it at a future date. I am wondering whether the formula will include such projects as the Shubenacadie River crossing or a second bridge from Halifax across the northwest arm, both being within the riding of Halifax-East Hants.

In raising this question tonight I really want some indication, if it is possible, about the formula to be used and whether it will be 75 per cent and 25 per cent or something else. Perhaps we might also have some indication in that regard.

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I should like to provide an answer to the member for Halifax-East Hants although I am afraid it will not be in the specific terms necessary to fully satisfy him. Let me say that the development programs which the Department of Regional Economic Expansion is currently discussing with provinces in the Atlantic region are expected to make provision for a certain amount of highway assistance integrated with comprehensive plans for regional development. Let me assure the hon. member that the department is fully aware of the importance of communications, particularly highways and roads, to area development and regional development in the whole Atlantic region. I think that kind of concern is apparent in the FRED programs which have already been established in some Atlantic areas.

I hope the hon. member will appreciate that while these comprehensive regional plans are under current and active consideration, it would be premature to forecast the details of cost-sharing assistance to a particular component of those comprehensive plans, in this case the transportation or highway component. I regret that my reply is so brief, par-

ticularly in view of the understandably high interest of members from the Atlantic region and others in this subject of highways. I hope in these particular circumstances he will understand that specific details at this time are just not available.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Tuesday, December 2, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

DATE OF BY-ELECTION IN SELKIRK CONSTITUENCY

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should like to inform the House that by Order in Council P.C. 1969-2228 dated November 20, 1969 a writ has been issued today for a by-election to be held in the federal electoral district of Selkirk, Manitoba, on Monday, April 13, 1970.

Some hon. Members: Oh, oh!

Mr. Hees: Waiting as long as you can.

Mr. Speaker: Order, please.

[*Translation*]

NATIONAL DISASTERS

NOTRE-DAME-DU-LAC—FIRE IN OLD PEOPLE'S HOME

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, I regret that getting away to the Moon is not always possible, and that the terrible realities of every day life bring us back to much gloomier thoughts.

Hon. members undoubtedly recall the great disasters of May 1950 at Rimouski and Cabano. This morning, it is at Notre-Dame-du-Lac, a locality near Cabano, that a tragic fire took the lives of more than 50 aged people and caused injuries to more than 20 others at the rest home "Le Repos du Vieillard", thus bringing consternation to that locality which celebrates this year the centennial of its foundation.

To the stricken families and to all the population as well, I wish to extend the expression of my heartfelt condolences, and I am sure that all hon. members will wish to join in this expression of sympathy.

I ask the government to take all necessary steps to bring those people immediate assistance.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would simply like to say that, on behalf of the Canadian people and government, I have already sent a message of condolence to the people stricken by this horrible tragedy.

Mr. Speaker: I have no doubt that all hon. members will join in the Prime Minister's expression of sympathy as well as in the grief expressed by the hon. member for Témiscouata.

[*English*]

BUSINESS OF THE HOUSE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I should like to announce a change in the business for today. Regrettably, owing to illness in the family, the Minister without Portfolio (Mr. Gray) will not be able to be in the House today to take for the Minister of Finance the four measures I announced. Therefore the order of business will be changed from that announced last night.

• (2:10 p.m.)

The first order will be as announced last night, resumption of the debate on second reading of Bill C-7, the CNR financing bill. Upon the conclusion of that debate we will resume the debate on second reading of Bill C-4, an Act to amend the Canada Corporations Act. As the third item we would call the report stage and third reading of Bill C-2, an Act to amend the Judges Act. I have made this statement to confirm to the House the changes which have already been indicated to the representatives of the parties.

[*Translation*]

CANADIAN CONSTITUTION

TABLING OF CONFERENCE AGENDA

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, last Friday I informed the House of arrangements which have been

made in connection with the third session of the Constitutional Conference, to be held in Ottawa on December 8, 9 and 10.

I would now like to table the agenda of that conference in the two official languages.

[*English*]

MAN ON THE MOON

WELCOME AND TRIBUTE TO APOLLO 11 ASTRONAUTS BY HOUSE OF COMMONS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have the pleasure of drawing Your Honour's attention and the attention of all hon. members to the presence in your gallery of several distinguished visitors. I refer to the three astronauts who made up the crew of Apollo 11, Messrs. Neil Armstrong Mike Collins and Edwin Aldrin and their wives.

Some hon. Members: Hear, hear!

Mr. Trudeau: The venture of these three brave men into the unknown stirred the imagination and the pride of all Canadians. This country is not so old nor so well explored, that either the experience of the frontier or the taste of adventure is forgotten. We are close in time and in space to wilderness. In our blood—or perhaps just in our secret desires—is found the spirit of such as Hudson and Cartier, Palliser and Steffanson. The exploits of our visitors today proved that the age of exploration is not over and we are glad. They proved too that there is new meaning in the heavens, and we are better for it. Mr. Speaker, we are delighted to have with us these courageous men and their equally brave wives.

Some hon. Members: Hear, hear!

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I am very pleased on behalf of my colleagues and myself to be associated with the welcome the Prime Minister has extended to Neil Armstrong, Michael Collins and Buzz Aldrin, and their wives. We are particularly honoured that having gone to the moon these men have come to Canada.

Some hon. Members: Hear, hear!

Mr. Stanfield: Whatever our admiration of their courage and our awe at their accomplishments, I think the dominant feeling of all of us besides that of pleasure is one of humility.

[Mr. Trudeau.]

Distinguished visitors have, of course, come to this Chamber before, but there have been none before who have symbolized the breaking of old concepts in the way these men do. We must remember that, while they were alone in space, the responsibility for making this space age serve man is one we must all meet together.

I do not wish to be too solemn, but as a practical man who watched these men in space there were some considerations of a practical nature which occurred to me. However, I believe these would be better presented to these gentlemen in private.

It will, of course, be many years before the full significance of this exploit is realized. In 1492 it was difficult for contemporaries to visualize all the consequences of the discovery by Columbus. It is a sobering thought that we today are one of those consequences and that an equally significant development may follow from the exploration of these men.

To be serious, Mr. Speaker, it is a great pleasure for me to join with the Prime Minister and all members of the House in welcoming these three brave men and their wives.

Some hon. Members: Hear, hear!

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure all Canadians will echo the sentiments expressed by the Prime Minister in paying tribute to our distinguished guests. They honour us by their presence here today and we honour them for the great contribution they have made to man's enlarging knowledge of the universe in which we live.

We pay tribute also to their courage, skill and the teamwork which made the venture of Apollo 11 such an outstanding success. We also pay tribute to the thousands of men who made their trip possible and to their great country, the United States, which has been in the forefront of the exploration of space.

The names of Neil Armstrong, Mike Collins and Edwin Aldrin will go down in history among the great pathfinders of space.

I am convinced that this is only the beginning of man's exploration of our solar system. The day undoubtedly will come when other earthmen will reach out to other planets and even break through into our sidereal system.

The astronauts whom we honour here today represent a challenge to the governments and legislators of the world to match their achievement in landing on the moon with similar advances here on earth.

Two of the astronauts landed near the Sea of Tranquillity. I think we can assure them that we in this Parliament will do our part in trying to make this earth a place of tranquillity and security for all mankind.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, this event would not be complete if a French voice was not heard in Parliament to endorse the eloquent speech made by the Prime Minister to welcome and congratulate the three astronauts who reached the earth's satellite a few weeks ago, an accomplishment which undoubtedly puts them in the category of heroes.

All three know that the Canadian people followed every step of their flight and that Canadians are proud of having contributed to this achievement by manufacturing certain components of the space ship which took them to the moon.

Since a Canadian of the Montreal area worked on the landing gear of the lunar module—and for the information of the Prime Minister—I would point out that the three astronauts successfully completed their venture without any assistance from the Bank of Canada.

This was a most perfect achievement and on behalf of my colleagues. I join with the Prime Minister to greet and welcome the wives of the three astronauts and wish them a happy stay among us.

May those three famous space travellers never forget that Canada is proud of its modest contribution to the conquest of the moon and hopes that their future undertakings will be successful.

• (2:20 p.m.)

[*English*]

ROUTINE PROCEEDINGS

YUKON PLACER MINING ACT

AMENDMENTS RESPECTING LOCATING OF CLAIMS, ETC.

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development) moved the first reading of Bill S-4 (from the Senate), to amend the Yukon Placer Mining Act.

Motion agreed to and bill read the first time.

Inquiries of the Ministry

OIL AND GAS PRODUCTION CONSERVATION ACT

AMENDMENTS RESPECTING DEFINITIONS, APPLICATION, OIL AND GAS COMMITTEE

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development) moved the first reading of Bill S-5 (from the Senate), to amend the Oil and Gas Production and Conservation Act.

Motion agreed to and bill read the first time.

ORAL QUESTION PERIOD

PUBLIC ACCOUNTS

SUGGESTED CHANGE IN CHAIRMANSHIP OF STANDING COMMITTEE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether he authorized his Parliamentary Secretary to undertake discussions to have the hon. member for Wellington removed as chairman of the Public Accounts Committee?

Right Hon. P. E. Trudeau (Prime Minister): I do not know whether the question is—

Some hon. Members: Oh, oh!

Mr. Trudeau: No, Mr. Speaker.

EXTERNAL AFFAIRS

UNITED STATES ABM SYSTEM—INQUIRY AS TO CANADIAN DECISION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I should like to direct a question to the right hon. Prime Minister arising out of a statement he made on March 19, as recorded on page 6853 of *Hansard*. At that time he said:

> If, Mr. Speaker, after receiving all the information, we are led to the view that the ABM system constitutes escalation and is conducive to greater peril for mankind, then we shall condemn it. We shall tell the United States that we disapprove. If, on the other hand, we are convinced that the ABM system is necessary though regrettable as a move by the United States, then we shall have to decide whether or not we shall participate in the operation of that system.

What decision has been reached by the Prime Minister and his colleagues with respect to the ABM system, and has that decision been transmitted to the government of the United States?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, this question was only one of the various questions which had to be examined and decided upon by the government in the context of our review of defence policy as regards continental defence. I believe we indicated in the Speech from the Throne that there would be a white paper published on these matters during the current session. Until then we are not prepared to comment.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question. Have any discussions been held by any representatives or officials of the Canadian government with the government of the United States regarding the construction of an ABM system and particularly with reference to the implications it might have for Canada, especially the two bases which are to be located close to Canada, one in Montana and the other in North Dakota?

Mr. Trudeau: Mr. Speaker, at the time this matter was in the public eye we did have discussions. When I went to Washington I had some discussions with President Nixon and his ministers and officials, and our officials and ministers have had subsequent discussions. I cannot say whether there have been any recent discussions.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I appreciate the Prime Minister's answer concerning the government's intention to publish a white paper on this subject, but has the government of Canada already informed the government of the United States of its views on whether or not the ABM decision by the Americans constitutes an escalation of the arms race?

Mr. Trudeau: Mr. Speaker, I can only repeat my first answer. Our views will be contained in a white paper; it will be an attempt to express to the country and to other countries an over-all view of our approach to continental defence.

Mr. Harold E. Winch (Vancouver East): A further supplementary question, Mr. Speaker. In view of the Prime Minister's statement that a white paper is going to be introduced, may I ask him whether or not this important matter will be discussed with the Standing Committee on External Affairs and National Defence prior to the publication of the white paper, particularly since under the committee's terms of reference it now has before it the subject of U.S.-Canada relations?

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Mr. Trudeau: Mr. Speaker, of course I would not want to meddle or interfere in the conduct of that committee's work.

An hon. Member: Hear, hear.

Mr. Trudeau: Thank you very much. But it would not be our intention to refer this matter piecemeal to the committee. It would be our intention to refer it by way of a white paper, if they want to look at it in that form.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to direct a supplementary question to the Prime Minister. In view of his earlier statement in the House that it was the intention of the government to study this ABM question and if the government decided that the decision of the United States was unfortunate or bad the government of Canada would then express its views to the United States, does the Prime Minister now expect that the government of Canada will reach a decision in this respect in time for its views to have any effect or any influence on the course to be followed by the United States?

Mr. Trudeau: Mr. Speaker, the first part of the question is clearly hypothetical. With regard to the second part, the timing, I understand that the United States is not actually proceeding with the construction until some time in the seventies. Therefore I am sure that this government's policy, the policies evolved in other countries, and perhaps as well the results of the strategic arms limitation talks being held at Helsinki, will all be factors that the government of the United States will want to take into consideration before proceeding with the finalization of an ABM system.

[*Translation*]

CANADIAN CONSTITUTION

SUGGESTION INCLUSION OF MONETARY REFORM ON CONFERENCE AGENDA

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Prime Minister.

Earlier, he informed us of the agenda of the Constitutional Conference to be held on December 8, 9 and 10, where the following matters will be discussed: distribution of power, regional disparities, reports of ministerial committees, programs of next conferences and, finally, other questions. Is the

Prime Minister in a position to say whether monetary reform is included in the other questions?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware that any of the governments that will attend the Conference, not even that of British Columbia, will be willing to study the matter.

Mr. Caouette: I want to ask a supplementary question, Mr. Speaker.

If the provinces fail to propose such a study, could not the Prime Minister himself suggest to them to study the matter of monetary reform?

Mr. Trudeau: I shall be very happy to consider seriously the hon. member's request, Mr. Speaker.

NATIONAL SECURITY

ESTABLISHMENT OF ROYAL COMMISSION ON SUBVERSION

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, so that the conquest of space should not be useless in the future, it is necessary first to put some order on our planet. Therefore, I direct a question to the Prime Minister.

Pursuant to the serious public statements made recently by Mr. Saulnier during press conferences on subversion in Canada, does the Prime Minister intend to follow up Mr. Saulnier's request for a Royal Commission on subversion in Canada?

Mr. Trudeau: Mr. Speaker, the government will certainly not take any decision until the parliamentary committee's report on the matter is published.

Mr. Valade: I should like to ask a supplementary question, Mr. Speaker.

Is the Prime Minister aware that the terms of reference of the committee do not include looking into subversive activities in general, but simply into the activities of the Company of Young Canadians. That is why I am asking this question.

[*English*]

GRAIN

WHEAT—INVESTIGATION OF MARKETING—DISTRIBUTION OF BOXCARS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I direct my question to the Minister without Portfolio, the hon. member for Saskatoon-Humboldt. By reason of the widespread criticism at the Liberal convention which the hon. member attended in Saskatchewan concerning sales of wheat and also boxcar manipulation as it was described, rather than distribution, is the minister now in a position, having had the benefit of the general viewpoint of the Liberal party in Saskatchewan at that convention, to agree—

Mr. Speaker: Order, please.

Mr. Diefenbaker: —that there should be an investigation—

Mr. Speaker: Order, please. I have to object to the form of the question.

Mr. Diefenbaker: Mr. Speaker, I did not know how to bring it to his attention except by telling him what took place. Will he say now whether or not consideration is being given to looking into the whole question of marketing by means of a royal commission to report within a couple of months, and the appointment of a controller so that the past injustices in connection with boxcar distribution will end?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I am glad the right hon. member described the convention in some detail because I certainly would not have recognized it from the start of his question. We are very concerned indeed that the transportation system of this country should be adequate to handle not only grain in particular but other commodities. I should like to assure the right hon. member that appropriate steps are being taken to see that everything that can be done is being done, but I certainly have not changed my view about a transport controller.

Mr. Diefenbaker: Mr. Speaker, in view of the challenge of my authority, for the benefit of the minister may I read from the Saskatoon *Star-Phoenix*.

Mr. Speaker: Order. I suggest the reading should not be for the benefit of the House at this time.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I direct a supplementary and related question to the Minister without Portfolio in charge of the Wheat Board. Can the minister advise the House if the National Harbours terminal elevator No. 2 in Vancouver is at present fully operational—

Inquiries of the Ministry

Mr. Speaker: Order, please. The hon. member for Mackenzie on a supplementary question.

Mr. Benjamin: Mr. Speaker, a point of order.

Mr. Speaker: Order, please. The hon. member is raising a point of order.

Mr. Benjamin: Mr. Speaker, in light of the grain movement and grain handling situation I have reason to believe that the minister would like to answer this question. I believe the terminal is sitting vacant—

Mr. Speaker: Order, please. The hon. member will be recognized in due course. He took the floor under the guise of a supplementary but it was not supplementary. It might have been related, as he suggested, but he will be given the floor in a moment. The hon. member for Mackenzie.

ISSUING OF REPORTS OF QUOTA OPENINGS BY WHEAT BOARD

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I hope you will permit me this question which I should like to direct to the Minister without Portfolio from Saskatoon-Humboldt. May I inquire whether under his direction the Wheat Board will no longer issue reports of their quota openings as they have in the past and whether these reports will have to be sought out by Members of Parliament asking questions in the House of Commons?

Mr. Speaker: Order, please. I am not sure whether this is a related or unrelated question. Perhaps the hon. member might be allowed the question. I shall return to other hon. members in a moment and we will try to get all the questions on this subject out of the way. The minister might reply to the question.

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I know of no change in Wheat Board policy in regard to the announcement of quotas. The unit quota is the one receiving major attention at the moment. I am sure the Wheat Board has in mind the opening of quotas as soon as it is satisfied that enough cars are directed to those points where unit quotas are still to be filled.

Mr. Korchinski: In the past, Mr. Speaker, it has been the practice for members to receive these reports without asking questions in the House of Commons. In order to save time could we have these reports sent to our offices as has been the custom?

Mr. Speaker: Order, please. The hon. member for Regina-Lake Centre, a supplementary question.

OPERATION OF TERMINAL ELEVATOR NO. 2, VANCOUVER

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I ask the Minister without Portfolio from Saskatoon-Humboldt whether he can advise the House if the National Harbours Board terminal elevator No. 2 in Vancouver is fully operational and whether or not the storage capacity is being fully used at this time?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, first of all I should like to thank the hon. member for giving me notice of this question. The terminal elevator to which he referred is not in use. It was in use under lease last year when its drying facilities were in operation. It is not used because it would need very extensive and costly renovations for anything but the cleaning of wheat and then, I think, in rather awkward fashion. At the moment it is not in use although it is being looked at from the point of view of what future needs may be.

Mr. Benjamin: Mr. Speaker, may I ask the minister, in view of his reply, whether or not the government is attempting to lease or sell this terminal? If they are not, would the government consider authorizing the Wheat Board or the Board of Grain Commissioners to operate this terminal and use it for specific commodities such as flax or rapeseed?

Mr. Lang: Mr. Speaker, I shall be glad to consult with my colleague under whose responsibility this particular elevator lies. We certainly will be looking at all facilities on the coast from the point of view of what is adequate for future requirements.

FLAX—PROVISION OF BOXCARS TO PLACE IN MARKET POSITION

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a supplementary question for the Minister without Portfolio from Saskatoon-Humboldt which is related directly to the question asked by the right hon. member for Prince Albert. In view of the the present special quota for flax and the serious concern of western farmers about

reported losses of flax sales through the grain not being in market position, what steps, if any, has the minister taken in collaboration with the Minister of Transport to provide boxcars for these much needed sales of flax?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I have received no reports at all of any problems concerning the supply of cars for the handling of flax. The Wheat Board has given top priority to the provision of cars for shipment of this grain. As far as I know, when the owners and handlers of the grain call it forward the cars are provided.

POSSIBLE ENTRY OF BRITAIN INTO ECM—EFFECT ON CANADIAN SALES

Mr. Eldon M. Woolliams (Calgary North): I have a supplementary question, Mr. Speaker, which arises out of the answer given by the minister in reference to the marketing of grain. In view of the fact that Great Britain will likely enter the European Common Market which subsidizes grain, would the minister be prepared to have high level talks with Great Britain, one of our best markets for grain, in reference to this problem because we will be competing against subsidized grain in that market?

Hon. Otto E. Lang (Minister without Portfolio): Well, Mr. Speaker, the government and the Department of Industry, Trade and Commerce have discussed with the United Kingdom various aspects of its relationships with Canada under various hypothetical contingencies. Certainly the one mentioned in regard to grain is considered by us to be very important.

OPERATION OF TERMINAL ELEVATOR NO. 2, VANCOUVER

Mr. Harold E. Winch (Vancouver East): A supplementary question, Mr. Speaker. Is the minister not confusing No. 2 elevator with No. 3?

Mr. Speaker: Order, please. The hon. member is asking a statistical question.

Mr. Winch: But, Mr. Speaker—

Mr. Speaker: Since the matter seems to be of some importance, perhaps the minister might be allowed to reply.

Mr. Winch: Mr. Speaker, since there may be some confusion may I direct a supplementary question to the Minister without Portfolio. Is it possible for consideration to be given to using the 1,200,000 bushel capacity No. 2 elevator for storage at this time?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I am not sure whether I am confusing No. 2 with No. 3. At any rate, the information I have and which I gave was in connection with No. 2 elevator. The point was that some renovation might be required in order for it to be used, and I would have to look into the actual renovation techniques to ascertain whether it would be worth while to renovate this elevator. It would not ordinarily be wise to use such a space for storage if it is not possible to use it for throughput.

Mr. Speaker: I see that other hon. members wish to ask supplementary questions on this subject. Since I am sure hon. members will recognize that we have had a large number of supplementary questions on the same subject I would think that for the moment we might go on to some other question.

HEALTH AND WELFARE

SIDE EFFECTS OF CERTAIN CHEMICAL DEFOLIATORS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, may I direct my question to the Minister of Energy, Mines and Resources because it is connected with pollution. In view of the very serious information emanating from the National Cancer Institute on the use of 2-4D and 4-5T as defoliators, what steps are being taken to check the potentially dangerous side effects the use of these substances will have on genetics?

Mr. Speaker: Order, please. The question asked by the hon. member is very general and wide in scope, and I would think it should be answered by way of a statement on motions. Perhaps the hon. member might ask the minister whether he proposes to make a statement in due course.

Mr. Rynard: Mr. Speaker, may I ask the minister if he will make a statement tomorrow on this situation?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, although I cannot undertake to make a statement on motions I will certainly be glad to look into the subject matter and answer my hon. friend's question directly, to him.

Inquiries of the Ministry

INDIAN AFFAIRS

REQUEST FOR PRODUCTION OF STANBURY-FIELDS REPORT

Mr. Frank Howard (Skeena): Mr. Speaker, may I direct a question to the Minister of Indian Affairs and Northern Development. In these days of space exploration, would he mind conducting an investigation within his department to see whether he can find the Stanbury-Fields report so as to make it available to the Indian people?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have already replied several times to this question. It is not that the report cannot be found, but it is not complete and to publish it would create confusion.

[*English*]

Mr. Howard (Skeena): A supplementary question, Mr. Speaker. Would the minister mind fulfilling the promise he made to the House during the last session to the effect that he would be prepared to make public an abridged version of the report in which the names of individuals would be deleted, thus protecting their privacy?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I shall be pleased to study the hon. member's suggestion.

[*English*]

OIL

STRAIT OF GEORGIA—ISSUANCE OF DRILLING PERMITS

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, may I direct a question to the Minister of Fisheries and Forestry. Has the minister changed his mind and is his department about to grant a permit for oil drilling in the Strait of Georgia near Vancouver? I ask this question in the light of a press release recently by the Minister of Energy, Mines and Resources.

Hon. Jack Davis (Minister of Fisheries and Forestry): The answer is no, Mr. Speaker, because there is no way in which my department can or will grant such permits for the drilling of oil there.

Some hon. Members: Hear, hear.

An hon. Member: Resign.

[Mr. Greene.]

Mr. Hogarth: May I direct a supplementary question to the Minister of Energy, Mines and Resources, Mr. Speaker. Does the minister intend to consult with other government departments, as opposed to merely giving them notice, before granting permits for oil drilling, particularly in the Strait of Georgia?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, before any permit to drill is granted notice must be given, not by the Department of Energy, Mines and Resources but by the applicant to the various departments concerned. A complete plan must be filed, after which the Department of Energy, Mines and Resources conducts meetings with the various departments in order to discuss the proposed plan. No permit is ever granted unless the approval of the various departments is secured. There is no application for any permit to drill in the Strait of Georgia before us at this time.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Since the Department of Energy, Mines and Resources has already granted to oil companies seismic testing permits, will the minister assure the House that these seismic testing permits were not granted on the understanding that oil drilling permits would automatically follow if the oil companies should find favourable structures?

Mr. Greene: Mr. Speaker, I can assure the hon. member that no such undertaking has been given and no such understanding is in effect. The permits are not called seismic exploration permits. Actually, a plan was filed and discussions were carried on for two years or more before permission for seismic exploration was granted. The work was carried out in a fashion that was, then, satisfactory to all departments; in fact, the method of doing the work was changed in order to make it safer. No dynamite was used. A new and safer technology was used in the seismic work and that work has been completed.

[*Later:*]

Mr. P. M. Mahoney (Calgary South): May I direct a supplementary question to the Minister of Fisheries and Forestry, Mr. Speaker. Would he advise us whether his department has in fact received notice of any such application with respect to drilling in the Strait of Georgia?

Mr. Davis: No, Mr. Speaker, there have not been any applications from oil drilling companies to my department with respect to drilling in the Strait of Georgia.

EFFECT OF U.S. TASK FORCE RECOMMENDATION ON CANADIAN EXPORTS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources. I gave him notice of it. As the United States cabinet task force looking into oil imports into the United States has recommended to the President that the present system of import quotas be replaced by tariffs, has the minister's department determined what adverse effects, if any, this would have on Canadian exports of oil to the United States? If it has determined that adverse effects would result, does the government intend to protest very vigorously against the implementation of such new policy?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, the Schultz committee, which reports to the President with respect to oil policy, has not yet concluded its deliberations. It has studied various matters, including the possibility of substituting the present quota policy with a tariff policy. To the best of my knowledge the committee has reached no conclusion. We are having continuing negotiations with our United States counterparts and with the committee with respect to the Canadian position. Our position continues to be that it is in the interest of both countries to have an open market for Canadian oil in the United States oil market. I, personally, will be attending in Washington to consult with the Secretary of the Interior in this regard on Thursday of this week.

[*Translation*]

FINANCE

SUGGESTED LOAN TO QUEBEC BY BANK OF CANADA

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to direct a question to the Prime Minister.

Since the Quebec government failed to obtain a $50 million loan at the rate of 9.65 per cent last Monday, in New York, does the Prime Minister intend to offer the services of the Bank of Canada to insure the loan, as well as the economic development of the province of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have reasons to believe that the government of the province of Quebec will manage without help in this matter. However, should this expectation prove unfounded, we shall be happy to discuss the matter with them.

[*English*]

TRADE

SUPPORT FOR CANADA MINK BREEDERS' ASSOCIATION

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce. Is it the intention of the government to provide the Canada Mink Breeders Association with facilities and support at the International Fur Trade Fair in Frankfurt, Germany?

Mr. Speaker: Order, please. I doubt whether this is a matter of urgency. Perhaps the hon. member might like to discuss it at the time of adjournment later today.

FISHERIES

PROPOSED SALT FISH MARKETING CORPORATION—INTRODUCTION OF LEGISLATION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, may I direct a question to the Minister of Fisheries and Forestry. In view of the information given by the Minister of Fisheries, according to the reports of a speech he made in Toronto on November 28, with respect to the proposed salt fish development corporation, will the minister now take the House into his confidence and introduce the bill dealing with the matter for first reading so that hon. members on both sides of the House may have an opportunity of studying these proposals which will have a far-reaching impact on salt fish processing plants in eastern Canada?

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, this bill will be forthcoming very soon.

Mr. James A. McGrath (St. John's East): Mr. Speaker, my supplementary question is based on knowledge that the minister gave details of this legislation outside the House in a speech made as late as last Friday as well as in a press release in St. John's. My supplementary question is: Does he not think that the House of Commons has a right to see this legislation, because he seems to have refused to give the House knowledge of it—

Mr. Speaker: Order, please. The hon. member's question is obviously an argument.

Mr. McGrath: Mr. Speaker, I am trying to ask a supplementary question of the minister.

Mr. Speaker: The hon. member, if he wishes to ask a question, should ask it and not present argument to the House. I am sure the hon. member realizes this.

Mr. McGrath: Mr. Speaker, having laid the foundation for my question, I will now ask the minister about something extremely important affecting many thousands of Canadians. Will he now take seriously repeated requests made on this side of the House to have this legislation brought in and read the first time so that we may have a chance to study it and prepare ourselves for debate on it?

Mr. Speaker: Order, please. The hon. member's question is not in order as asked. I think I should give the hon. member for Gander-Twillingate an opportunity to ask a supplementary.

ASSISTANCE TO THOSE ENGAGED IN LABRADOR FISHERY

Mr. John Lundrigan (Gander-Twillingate): Thank you, Mr. Speaker. Your Honour might rule that this is a related question. Can the Minister of Fisheries say whether his department has concluded its inquiry into certain aspects of the Newfoundland fishery, especially the Labrador fishery, and can he tell us whether the government has reached a final decision with regard to the possibility of making some form of assistance available? If so, can he inform the House as to the nature of the decision?

Hon. Jack Davis (Minister of Fisheries and Forestry): Several measures are being examined with a view to helping the fishermen in the Labrador fishery which, as the hon. member knows, was a complete failure this year.

Mr. Lundrigan: Bearing in mind the fact that all hon. members are getting an enormous amount of mail—I have had 80 letters myself in the last week—

Mr. Speaker: Order, please. The hon. member should ask a question; he should not convey information to the House, although I recognize it may be very important and relevant information. We should go on to another subject.

Mr. Lundrigan: But, Mr. Speaker—

[Mr. McGrath.]

Mr. Speaker: The hon. member has made a representation; he has to assume it has been noted. If he will look around he will see there are many of his colleagues who wish to ask questions, and there are only a few minutes of the question period left. If, however, he wishes to take that time, I will recognize him.

Mr. Lundrigan: Thank you. I do not want to hold up the proceedings but this is an urgent matter. Would the minister make a statement on motions tomorrow—I do not expect him to have the information before him today—so as to clarify the position of the government with respect to the assistance it might wish to offer the fishermen of Atlantic Canada who, as he has indicated, have experienced a disastrous year?

Mr. Davis: I will give the hon. member's representation every consideration, Mr. Speaker.

EXTERNAL AFFAIRS

BIAFRA—REQUESTS FOR ASSISTANCE BY JOINT CHURCH AID AND CANAIRELIEF

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Having in mind reports which appeared following the Prime Minister's meeting last Thursday with representatives of Canairelief and Joint Church Aid, can he say whether he will be making an announcement this week in response to the requests which were made to him in the course of that meeting with respect to relief for the people of Biafra?

Right Hon. P. E. Trudeau (Prime Minister): I cannot say for sure, Mr. Speaker. I hope to be able to give some kind of indication to the representatives of Canairelief with regard to the timing as we see it.

Mr. Knowles (Winnipeg North Centre): When the Prime Minister is in a position to give an answer to these people will he make the same statement here in the House?

Mr. Trudeau: Yes, Mr. Speaker; provided, however, that both Canairelief and ourselves agree that an announcement made publicly at that time would be to the general profit of the cause we are trying to help.

SHIPPING

SINKING OF FISHING VESSEL—REQUEST FOR STATEMENT

Mr. Robert Muir (Cape Breton-The Sydneys): My question is for the Minister of

Transport, Mr. Speaker. In his absence may I direct it to the Parliamentary Secretary or to the Acting Minister. We are aware of the tragic incident which occurred in the Atlantic off Sydney a few days ago when lives were lost. May I ask the Parliamentary Secretary or the Acting Minister whether the minister will make a statement as soon as possible, first, in regard to whether those responsible for search and rescue operations under the Department of Transport did everything possible to assist in the shortest time possible and, second, whether a private aircraft operator in the city of Sydney was refused information by the Department of Transport which would have enabled him to assist in the rescue operation much more quickly than the government aircraft?

[*Translation*]

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Mr. Speaker, following this tragic accident, the Department of Transport started an investigation, and I am sure that, as soon as the information reaches his office, the minister will be pleased to pass it on to the hon. member and to answer his questions.

[*English*]

INQUIRY OF THE MINISTRY

Mr. Donald MacInnis (Cape Breton-East Richmond): In the absence of the Minister of Finance may I put a question to the Prime Minister, Mr. Speaker? Is there any cost to the Canadian taxpayers involved in the operation of the Liberal political cabinet?

AGRICULTURE

INQUIRY AS TO BARBER COMMISSION REPORT

Mr. A. B. Douglas (Assiniboia): I should like to direct a question to the Minister of Agriculture. Is the final report of the Barber Commission on farm machinery prices yet available and, if not, are any further interim reports of that commission ready for Members of Parliament?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker, the final report of the Barber Commission has not been presented and I have had no indication from Dr. Barber when he expects to present it. He has presented a subject matter report on the pricing patterns of tractors and combines and he has also presented one of the study papers, the one on the cost of producing tractors, the economics of scale and that sort of thing, which I believe could be made available to hon. members and to the public within a few days.

CONSUMER AFFAIRS

NICKEL PRICE INCREASE—EFFECT ON CANADIAN CONSUMERS

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to direct a question to the Minister of Industry, Trade and Commerce, Mr. Speaker, with regard to the studies he indicated his department is conducting into the effects of the increase in the price of nickel upon Canadian customers. In view of the indication the minister gave the other day that the increase seemed to be in the public interest, may I ask whether he has concluded his study of the effect of this increase upon Canadian consumers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Some of the results of this study have already been indicated by the Minister of Consumer and Corporate Affairs. The effect is to add $1.30 to the price of an automobile, seven cents to the price of a kitchen sink, and so on. Two things, among others are to be borne in mind when assessing the consequences of this particular price increase. One is that 96 per cent of the nickel produced is exported, and the other is that nickel is sold internationally by the Soviet Union, for example, at a price higher than $2. During the strike it went up to $5, $7 and even $10. These factors and others, must be borne in mind. We have conducted a study, and my report is that the effects will be minimal unless nickel users decide to maximize them, and I hope they will not do so.

Some hon. Members: Hear, hear.

Mr. Stanfield: Am I to understand that the position taken by the minister is that an increase of 25 per cent in the price of this basic metal is not inflationary?

AGRICULTURE

ALLEGED BOOTLEGGING OF WESTERN FEED GRAIN

Mr. A. P. Gleave (Saskatoon-Biggar): I should like to direct this question to the Minister of Agriculture, Mr. Speaker. In view of the statement by Lionel Sorel, past president of the Quebec Union Catholique des Cultivateurs, that western feed grain is being

bootlegged into eastern Canada in violation of Wheat Board regulations, will the Department of Agriculture through the Board of Grain Commissioners or the Eastern Feed Grain Agency investigate the situation to determine whether Canadian Wheat Board regulations are being violated in the movement of feed grain to eastern Canada?

Hon. H. A. Olson (Minister of Agriculture): This allegation or charge has been made a number of times and I believe the Wheat Board has in fact looked into it. Perhaps the hon. member would like to direct his question to the minister responsible for the Wheat Board.

Mr. Gleave: I would direct my question to the Minister without Portfolio from Saskatoon-Humboldt. Will he investigate or cause to be investigated the allegation made by Lionel Sorel of the Quebec Union Catholique des Cultivateurs?

Hon. Otto E. Lang (Minister without Portfolio): As the Minister of Agriculture has just said, similar allegations have been made before. I will certainly look into the question whether there have been any recent indications of the improper movement of grain and see that appropriate steps are taken accordingly.

TRADE

USE OF FOREIGN CARRIER TO TRANSPORT NICKEL

Hon. Marcel Lambert (Edmonton West): My question is directed to the Minister of Industry, Trade and Commerce, Mr. Speaker, in the absence of the Minister of Transport. Would the minister after consultation make a statement in the House as to why a major Canadian nickel producer had to resort to a foreign carrier in order to transport nickel ore to Norway in an operation to salvage Canadian international trade in nickel?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I have looked into the matter, Mr. Speaker. Canadian carriers were contacted first and at least one was used.

NATIONAL SECURITY

ACCEPTANCE OF POSSIBLE COMMITTEE RECOMMENDATION FOR ROYAL COMMISSION ON SUBVERSION

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I have a question for the Prime Minister. In light of his earlier reply to the hon. member for St. Mary, will the government be willing to receive a recommendation from the broadcasting committee on Mr. Saulnier's request for a royal commission on subversion?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I suppose the proper thing to do would be to wait for the committee to report, and I always like to do the proper thing.

FORESTRY

VOLUNTARY BAN ON EXPORT OF LOGS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Fisheries and Forestry which is related to a question I directed to the Prime Minister, in the minister's absence, a week ago last Friday concerning whether or not the ban on the export of logs from British Columbia is still in effect and, if so, for how long it will remain in effect.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, the ban is not in effect. It has not been in effect since midsummer. There is now a large surplus of logs on the west coast, and a large number are currently being exported.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. In view of the fact that the minister undertook in this House to retain the export ban until September 1 and to review the matter at that time, may I ask him whether the government has reviewed the matter and is it now the opinion of the minister that no such ban is required?

Mr. Davis: Mr. Speaker, it is our opinion that no such ban is required now. The export permits are in fact administered by a joint committee comprised of people from our department, from the provincial government and from industry. All of these people are convinced that there is a large surplus of logs on the west coast.

TRANSPORT

RAILWAY ORDER RESPECTING FROST DAMAGE TO FLOWERS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Parliamentary Secretary to the Minister of Transport. I should like to refer him to the answer given to the right hon. member for

Prince Albert by the Minister of Transport on Friday last in regard to the hardship caused the florist industry. The minister stated that he would be holding meetings with the people concerned and also the carriers. Would the Parliamentary Secretary disclose to the House what the result of the meeting was, because time is pressing?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in his reply to the right hon. member for Prince Albert the minister made a slight error. Instead of the meeting being held yesterday, the meeting will be held tomorrow.

NATIONAL DEFENCE

INVESTIGATION OF ACCIDENT ON "KOOTENAY"

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question would have been directed to the Minister of National Defence had he been present in the House today in accordance with the roster. In his absence may I direct it to the Acting Minister or to the Minister of Supply and Services. Has the investigation into the accident on H.M.C.S. *Kootenay* now got under way, and when may we expect its completion? If I might ask a supplementary question of the Minister of Supply and Services, could the minister indicate whether or not the department has been asked to call for tenders to repair the vessel?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, I will convey the first question to the Minister of National Defence. With regard to the second question, I will look into the matter and reply as soon as I can.

RESEARCH

DISCONTINUANCE BY NASA OF PROGRAM AT FORT CHURCHILL

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the President of the Treasury Board. Has the minister anything further to report to the House in relation to the utilization of the rocket research facilities at Fort Churchill by NASA, or does the minister intend to make a further statement within the next few days?

Mr. Speaker: Order. I suggest that if a statement is to be made it must be made on motions.

HOUSING

INTRODUCTION OF REVISED RENT-TO-INCOME SCALE

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the minister in charge of housing. Can the minister say when the revised rent-to-income scale will go into effect in public housing projects?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, as I have indicated, guidelines relating to public housing policy, including the rent-to-income scale, are being discussed with my provincial counterparts. As I recently informed the hon. member for Broadview, I hope to be able to make a statement on the matter before Christmas provided we are able to get the information required from the provinces in time to digest it and find answers to the problems.

Mr. Speaker: Is the hon. member for St. John's East rising on a point of order?

Mr. McGrath: No, Mr. Speaker, I am rising on a question of privilege. I had hoped to have this matter clarified during the question period, but since I was not given that opportunity I am rising on a question of privilege. My question of privilege arises from the fact that in a speech in Toronto on Friday the Minister of Fisheries and Forestry released details of proposed legislation to set up a salt fish development corporation, information that has been denied the members of this House.

My question of privilege is based on the fact that the minister has gone against the well accepted and well established practice of the House. Under the circumstances, I submit that the minister has no alternative but to bring in the legislation for first reading.

Mr. Speaker: Order. The hon. member will recognize that he cannot raise a question of privilege at this time. The rules clearly state that this type of question of privilege can be raised only on notice given in writing. Normally the hon. member should give notice to the Chair that he proposes to raise the matter as a question of privilege, and I would have to rule upon it.

I was going to make a theoretical ruling but I think this would be very unwise. I would rather say that in the circumstances I do not think a ruling should be made at this time.

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed from Friday, November 14, consideration of the motion of Mr. Gray that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, when this bill was last before the House I outlined some of the reasons the people of the Atlantic provinces have lost all faith and hope that the government will give them the opportunity to receive equal treatment with other Canadians. I tried to place on the record some of the ways in which this government has endeavoured to ignore the justifiable arguments presented by the business communities why a transportation policy should have been introduced in this region a long time ago.

As a result of the government's failure, the people in the Atlantic provinces are faced with almost impossible burdens industrially and are unable to attract new industry. In 1967 the government allowed the railways to impose new l.c.l. charges on the shippers in the region. After about a year and a half the government gave the trucking industry certain incentives the railways already had, making it possible for them to compete with the railways. This resulted in the shippers in the Atlantic region being placed on a somewhat better footing.

Since then, the government has allowed the railways to increase their rates on carload lot shipments. The rates freeze has been lifted before the promised transportation policy for the region has been introduced. Although the government has talked so much about elimination of regional economic disparity, there is no way in which it can justify its actions in the field of transportation.

[Mr. Speaker.]

At the present time the florist industry in the area is being placed under new burdensome express charges as a result of the action of the railways. Every time we turn around something new is happening; either more layoffs under the guise of increased efficiency or closures of one type of operation or another. Only recently my colleague the hon. member for Central Nova (Mr. MacEwan) appeared before an inquiry relating to the elimination of air services in the Pictou County area. Every step this government agrees to is a backwards step, and every step it takes represents damage to the economy of the Atlantic region.

We watch the spiralling unemployment rates in the area every winter. This is the same story every winter. Sometimes during the summer we look at our unemployment rate and feel that maybe things are getting better, but when the fall comes it is the same old story of an unemployment rate that is two or three times the national average. We then read in the newspapers about this or that industry having to close down because it is impossible to compete with industry in the rest of Canada.

One of the basic reasons for this problem is the fact that we have been the captive of the railways. Our industries have not been able to compete with similar industries in the central part of Canada. Surely, by now this government should have conceived a policy that would place industry in the Atlantic part of Canada on an equal footing with industry in the remainder of the nation. Industry in our area of Canada could then produce the same product and move it anywhere in this nation in competition with industry in Ontario rather than being forced to pay more for the movement of these goods than if that industry were located in central Canada. Surely, this is the only way that we can exist as a viable entity in Canada.

This certainly is not the case today. It will not be the case tomorrow, and it may well never be the case if this government does not soon move in this direction. There are few indications that it intends to move in this direction. One makes representations to the Minister of Transport (Mr. Jamieson) who comes from the area, and he indicates justifiable concern. It is quite apparent that when he tells his story to his cabinet colleagues they become completely mute as far as transportation in the Atlantic provinces is concerned. We hear fanciful stories at election time. We have heard about all kinds of wonderful and fancy things that are to be made

available to the Atlantic area if only the people will vote for the Liberal party. When the votes are counted and the Liberal party becomes the government of Canada that pie in the sky disappears completely. The bright-eyed gentlemen who come down our way and tell us their fine stories forget about them. We are the forgotten region of Canada and we will continue to be so as long as this government holds office.

Only recently the great Liberals met at Harrison Hot Springs. Great ideas poured forth. We discovered that there was one main transportation policy the Liberal government never forgets. I refer to the transportation policy conceived by Walter Gordon in the famous Gordon report which suggested that the people, of the region be given one way tickets out of there and then the problem would be eliminated.

Mr. Muir (Cape Breton-The Sydneys): That is always the Grit policy.

Mr. Coates: That has always been the Grit policy and it always will be, because even with these great thinkers of the 1970's the one way ticket policy of Walter Gordon is still prominent in the thinking of the members of the Liberal party. That is the sad fact of the matter. There has never been any other philosophy in the Liberal party. Apparently the best way to eliminate the problems of Atlantic Canada is to eliminate Atlantic Canada. The government is going about this with the effectiveness of a bulldozer as it moves everything out of its way. Apparently the concept of this bulldozer policy is that it starts in Newfoundland, hits Cape Breton island, the mainland of Nova Scotia, New Brunswick and Prince Edward Island and pushes everything over the borders of Quebec. In that way, we will have no problem in Atlantic Canada.

This is not what the people of Atlantic Canada discovered to be the hallmark of the Diefenbaker administration when it held office in this country. That administration made its moves, did what it could, established boards to provide new incentives and did everything anyone could imagine any government doing in a given period of time. When the Diefenbaker administration was in office it produced concrete evidence that it was concerned about the people. It wanted those people to remain in that part of Canada if that was where they wished to remain and gave them equality of opportunity, about which this government does not think, care or do anything.

The one way ticket philosophy of Walter Gordon and the Liberal party is not good enough for the people of Atlantic Canada in the 1970's. It is not good enough for me or any member from the Atlantic provinces of Canada, regardless of what party he might be associated with, because we want action and we have asked for action over and over again. We have received little or nothing in the way of action from this government. We have heard all kinds of fine and fanciful words but have seen absolutely nothing in the way of action.

I might say to the Minister of Veterans Affairs (Mr. Dubé), who is a member from the Atlantic region, that he would do much better for his region and his people if he spent more time assisting the Minister of Transport in getting action for us and less time worrying about Nouveau Acadia and fanciful terms which will produce nothing in the way of benefit for the people of the area. This will not eliminate in any way, shape or form the problems that face industry in our region.

We must have action quickly from this government. Unfortunately, we are saddled with this government until 1971, 1972, or 1973, depending on when the Prime Minister (Mr. Trudeau) decides to call another general election. Between now and then we cannot live on words alone. Our stomachs are empty and our opportunities for employment are few. We need policies for the 1970's which do not involve the purchase of a one-way ticket out of the region. We need policies that will keep our people in the region and entice other people to come in to develop a degree of employment that will reduce this unemployment rate which is now two or three times the national average. We want action. We want the type of action that will allow our people to remain where they are, that will allow our industries to become viable entities in the Dominion of Canada, and that will give us a place in the future of this country, something we have failed to receive from this government today.

• (3:20 p.m.)

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, every year parliament goes through this same process and deals with this same kind of measure. About the only difference in the script is the amount of money involved. Every year we put up with the spectacle of the parliament of Canada bailing out the CNR from under debt charges that it

should not be expected to carry. When the Canadian National Railways system was formed in 1923, and ever since, the deck has been stacked against it in favour of the economic pirates who promoted and invested in several railways that subsequently went belly up. The deck has been stacked to make sure that those people are paid off. They have been but the people of Canada have been paying ever since, and are still paying.

Some sizeable part of the money provided by this bill is for the payment of a deficit resulting from the interest that has been charged the CNR on this debt in the past year. Much of that debt is a result of the financing and refinancing of the Canadian National Railways system since 1923. When the Grand Trunk Railway, the Grand Trunk Pacific Railway and the Canadian Northern, probably the three main railways, were going bankrupt they were formed into the CNR system. Their indebtedness was taken over by the Canadian National Railways system, and in the years since the Canadian National Railways and the Parliament of Canada have been paying, paying and paying. This suits very well the people who do not like publicly owned enterprises of any kind and in particular do not like a publicly owned railway system. Since 1923 it has suited their purpose to hold up the Canadian National Railways system as a terrible example of how public ownership does not work and how private ownership is holy, pure, successful, efficient and so on. The myth has been perpetrated and perpetuated by these free enterprise opponents of publicly owned enterprise that the CNR somehow is bad because it always loses money and is publicly owned.

The facts are otherwise. The Canadian National Railways system in most years has shown operating profits. In 17 of the last 24 years it has shown a railway operating profit. In 21 of the last 24 years, after considering income from other operations such as hotels and telegraph services, it has shown an operating profit. Of the last 24 years only in the years 1958, 1960 and 1962 was there a loss on the Canadian National Railways system. One could become involved in unkind partisan arguments by trying to make a case that this might have had a relationship to the government of the day, but I shall not do that. I think it had to do mostly with the type of debt load with which the CNR has had to contend since 1923. I should like to quote from the Winnipeg *Tribune* of April 25 last. This article points out the following:

> The CNR made an operating profit of about $41,000,000, in 1968, its annual report disclosed Thursday, but its accountants had to use red ink once more because of the debt burden that goes back to the founding of the nationally-owned railway in 1923.

This report points out that the net income, before interest on the debt, was $41,274,438 but that the interest on the debt was $70,450,968. This means that parliament must vote another $29,176,530 to wipe out that interest debt. The article continued:

> The CNR carries a burden of fixed-charge debt inherited from the several bankrupt railways whose operations it took over when it was formed. As of last Dec. 31, its total long-term debt was $1,919,560,709, including bonds amounting to $1,132,903,264.

So long as the Canadian National Railways system is required by this Parliament to operate under such conditions it can never operate efficiently and can never provide an effective transportation service for the Canadian people. So long as this system of ours is expected to operate under these conditions, it must continue to fight a losing battle in attempting to remain a healthy and viable operation. As it loses its viability, it automatically decreases the service it can provide to the Canadian people.

The operating statements of the Canadian National Railways over the past 24 years I believe indicate that there has been efficient management in the face of these debts, that there have been competent employees and that a massive effort has been made to succeed in operating the Canadian National Railways system in the face of the horrendous obstacles this parliament has continually placed before it. I mentioned earlier that in only three of the last 24 years has the system shown an operating loss. In all the other 21 years there has been an operating profit. It is very interesting to note that the peak period in respect of number of employees was in the year 1952 when there were 131,297 employees. Today, there are 85,240 employees, some 46,000 fewer. I submit that this says something pretty good about their productivity and competence in operating our nationally owned railway system.

In spite of having 46,000 fewer employees, the railway has a larger amount of freight ton mile revenue and other kinds of revenue than it ever had before. The issue of passenger business is confronting members of this House and the people of Canada as a result of applications by both railways to further decrease their passenger services. Even in this area, however, the Canadian National Rail-

ways system, I submit, has made a very good effort in the face again of great obstacles at a time when all other private railway carriers in North America have thrown up their hands in despair. Back in the period 1944-45, the Canadian National Railways system was operating some 3,338,000 revenue passenger miles. By 1962 this figure had dropped to a low point of 1,044,000 revenue passenger miles. In the face of that, the CNR did not give up. It began a program of modernization and expansion of passenger operations by means of publicizing and persuading the public to use railway transportation.

• (3:30 p.m.)

Since that low point in 1962, the number of revenue passenger miles has climbed to 2,046,000, equivalent to the kind of passenger business the company was doing in 1947. Admittedly, costs are a great deal higher now than they were then, but the evidence is conclusive that the company has made a conscientious and consistent effort to regain and restore passenger service to something near former levels in this country. I submit that the management and the employees of that nationally-owned transportation company deserve the thanks and the compliments of the House and of the people of Canada.

They have a long road before them yet. Many more improvements and developments are needed in the passenger service as well as in all other aspects of railroading, but at least they have been trying, which is much more than can be said for their main competitor, the Canadian Pacific Railway. Our publicly owned national railway system has never had a fair chance to operate successfully. It has been and still is burdened with a debt load that prevents it from paying an investment return to the people of Canada and, even more important, that prevents it from doing an even better job in providing service. We have been lucky that this company has done as well as it has. The previous and present management and employees are to be congratulated. No privately owned system could operate under the same debt burden as has the CNR. If a privately owned system tried, it would have been bankrupt a long time ago.

While the CNR and the people of Canada continue to pay and pay dearly, its competitor, the CPR thrives on gifts from the people of Canada which, since 1881, have returned dividends to this corporation and its shareholders amounting to hundreds of millions of dollars. I think one could safely say they have been in excess of $3 billion. Surely, this kind of situation in our rail transportation is grossly unfair to the management and the employees of the CNR and to all the people of Canada.

Governments of Canada since 1923, when the CNR was set up, have been refinancing the national railway in various ways such as buying up bonds and advancing funds. They have always done it in such a way as to completely safeguard the interests of the original investors of the bankrupt railways. Those who had investments in the old Grand Trunk Railway, the Grand Trunk Pacific, and the Canadian Northern Railways have all received the full return on their moneys. None of them is still alive but the railways are still paying. I suspect that the original investments have been repaid two or three times over and we are still paying.

Contrast that with the attitude of this and of previous Canadian governments to their own employees. The government and the CNR management—and here I must be somewhat critical of the CNR management—have always been able to find ways of persuading this Parliament to provide moneys for such things as equipment and for buying up old bonds. However, they have not been able to devise a way whereby some money could be included in Bill C-7 or in previous bills of this kind to do something about the pensions of retired CNR employees. Whether there is only one of them or one million, the fact that we would require formal loyal employees of ours to exist on the kind of pensions that some are now receiving is something of which all in this chamber should be ashamed.

As of October 7 last year, in a return filed in answer to a question of the hon. member for Winnipeg North Centre (Mr. Knowles), there were, believe it or not, 388 retired CNR employees receiving less than $25 a month. There were another 639 receiving between $25 and $29 a month. There were another 1,301 receiving between $30 and $39 a month. There were another 1,062 receiving between $40 and $49 a month, and until one arrives at the figure of $99.99 a month there is a total of 7,715 retired CNR employees receiving less than $100 a month as pension. I know of the case of a man who served the CNR for over 30 years who is receiving a pension of less than $35 because his service was interrupted as a result of illness. His pension benefits did not accrue until after he started working for the CNR the second time.

Every time this situation is mentioned, government members, both in the Transport Committee and in the House, agree that it is terrible. They express all kinds of sympathy and support for the idea of doing something to increase the pensions of retired CNR employees. Every minister who has ever piloted this kind of bill through the House has, at some time or other, expressed sympathy and deplored the situation, but none of them has yet brought anything to this House to deal with the matter. The CNR officials are equally vociferous in expressing their sympathy and in saying how badly they feel about it. They even promised to seriously consider ways of dealing with this matter by raising the pensions of retired CNR employees. In the Transport Committee last spring the President of the CNR, in answer to my question, promised to give serious thought to this matter. On July 29 I wrote him, and two days later I received an acknowledgment from his executive assistant. I have not heard a word from him since. It does not matter if he does not write to me, but it does matter that he should do something about the over 7,000 retired CNR employees.

Surely this is a problem that should be solved, and provision should be made in this bill for solving it. The hon. member for Winnipeg North Centre would then not have to hound the government on this subject. He would have more time to hound them on other subjects on which action has been equally long delayed.

May I say something more about CNR financing and ask hon. members to look at the pension trust funds held by the CNR. According to the company's annual report there is supposed to be $1,414,744,000 in that fund, but there is only $743 million in it. Where is the rest of the employees' pension money? The difference of $671,423,250 is owing by the CNR to the employees pension trust fund. I do not really blame the CNR for being in that situation. I suspect that in past years they have been desperate for operating funds and that when the railway system was putting up the majority of the money for pension funds they had no other choice but to use the money for railway operations.

In 1967, provision was made for the CNR to commence repaying the $671 million to the pension trust fund. So, during 1967 and 1968 they repaid with interest, slightly over $3 million. Mr. Speaker, the Company have allowed themselves 60 years to repay this $675 million. They are fairly safe in doing

that, since it is hardly likely that all the employees of the railway would retire at once.

• (3:40 p.m.)

But surely this is a misuse of trust funds. That misuse has been caused by successive governments of Canada and successive Parliaments keeping the Canadian National Railways system continually burdened with a load of debt they cannot possibly get out from under, a burden of debt that originated with bankrupt corporate pirates who put on Canada's back railway systems that were not paying. Mr. Speaker, in the financial statement of the Canadian National Railways system this Pension liability is listed as an unfunded liability. All that really means is that the money is not in the pension trust fund. It is accountants' gobbledy-gook, and in fact what it means is that in the past this publicly owned railway system had to use their employees' pension money for other purposes.

The time has long past for members in all parties in this House to resist the passage of this bill until the government finally—after 100 years of governments that refused to come up with a national transportation policy—comes up with a transportation policy that is meaningful and purposeful in the interests of the Canadian people rather than in the interests of the bond holders and the shareholders, many of whom do not live here.

> We must resist this business of being asked year after year to vote money when we have no clear picture as to where we are going in this country in terms of transportation policy.

Those words are a direct quote from a speech made by my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles). To some degree I must disagree with him because I think we have had a clear picture, as clear as mud. We have had transportation policies the first purpose of which was to give great profits to a few while the public paid and paid, and rail services went through a pattern of deterioration that no self-respecting country would tolerate.

We have had policies that allowed the privately owned CPR system to be almost a law unto itself. We have had policies that have continually hamstrung and stopped our own national railway system from operating efficiently in the best interests of the people of this country. This Parliament must come to grips with the whole matter of public rather

than private ownership of our railway systems. Surely, there is sufficient evidence now to convince even the most ardent opponent of public ownership that the private sector, in this particular industry at least, has failed Canada, has not acted in the best interests of the Canadian people, and has lost any right or privilege it had to operate a railway system in this nation.

The time has long past for this Parliament to enact legislation nationalizing the CPR system and merging it with our publicly owned national railway system to operate a national, efficient, effective rail transportation network throughout the entire nation. We could do it on a scale of efficiency and service which would be the envy of any other nation in the world. I, for one, Mr. Speaker, am in no hurry to see this bill pass. I hope that members on both sides of the House will agree that the bill should be held up until such time as we get at least two commitments from the government and the management of the Canadian National Railways system.

The first commitment should be that the government and the CNR management will bring in a measure in the next session of this parliament to provide for an increase in the pensions of retired CNR employees. The second commitment should be that the government will bring in measures in the next session of this Parliament that will relieve the Canadian National system of at least the long-term debt which amounts to $1.9 billion; in other words, that this be written off the books. We do not want any more of those half-made commitments, "Yes, we are going to consider it seriously," and "Yes, we will announce it in due time as government policy," for that will take too many years.

Most of this debt consists of money now owing by the CNR to the people of Canada as a result of advances and loans. In fact, there were a couple of hundred million dollar interest free loans. Further, Mr. Speaker, I think that the measure should include a grant totalling $675 million to allow for the full refunding of the CNR employees' pension fund. The $1.9 billion plus the $675 million would, for the first time, give the CNR a chance to operate efficiently and effectively, and would lift from its back this burden of debt which was none of its fault. This course would allow the publicly owned system to show the privately owned operators how to run a railway, once it was free of this debt that the management could never repay even if they lived 1000 years.

As I say, Mr. Speaker, I hope members in all parties will take part in this debate. My goodness, it is 46 years since this annual bill first appeared. I hope members will ask that the government of Canada bring in measures that will put an end to this spectacle that we go through every year. If that is done it will give the people of Canada—I believe it is efficient now—a more efficient and effective publicly owned railway transportation system that can do a much better job than it has been doing in the past.

Mr. Ralph Stewart (Cochrane): Mr. Speaker, there has been a great deal of criticism of the CNR and of our railroads in general across the country. Indeed, I do not recall hearing very many words of praise for the CNR. In my maiden speech a year ago last September I stated that the railway in my part of the country was better 50 years ago than it is today, and that is a fact.

There is something wrong somewhere. Perhaps there is room for criticism, but perhaps there is also room for alternative suggestions. Certainly, the holding up of this bill in this House is hardly a way to change a system, because it is the whole system that is at fault. It does not matter what government is in power, the independence of an organization like the CNR is such that the government actually does not have the control it needs over that organization, and certainly the elected representatives of the people who are paying the bills do not have enough control over that body or over any other Crown body.

• (3:50 p.m.)

Some hon. Members: Hear, hear.

Mr. Stewart (Cochrane): The railroad complains about losing money on its passenger services so it wants to cut out several of them. It separates the revenue obtained from passenger service from that obtained from the freight service. For its own purposes this may be very good but as far as the people are concerned it is the same railroad. In an area such as mine, Northern Ontario, where the railroad is making a great deal of profit from freight, the people do not see why some of that profit cannot be applied to the deficit on passenger service. How do we explain that to the people? How do we explain it to anyone who goes into a store and knows that a certain part of that store is not making money but the over-all operation is. They know that the owner would not think of closing down

the part that is not making money because he needs the total operation to make it a going concern. They feel that if the railroad company is losing money on the passenger service—and I will not agree that it should—but is making a profit on freight in the same area, there is no reason why both services should not be kept in operation in such circumstances.

It is amazing, Mr. Speaker, what one learns from talking to those who work for the railroad. I have recently discovered the means used by the management of the CNR to exaggerate losses in the passenger service and I call it nothing less than "cooking the books". I will give certain examples.

There is one train in my riding which could be pulled by one unit but four are used in order to increase the cost and show a deficit on that service. When the service between Kapuskasing and Hearst was taken off two years ago, the reason given was that it was losing money. Certainly, not too many people were using the train because of the expense. They had to go from Hearst to Kapuskasing by car in order to take a sleeper as it was not economical to do so in Hearst. This is not mentioned and it is only people at the source who can tell about it. Certainly, the CNR officials would not disclose that. In Hearst there used to be a shop for engines. The cost of this shop was shown as part of the deficit on the passenger service when that service was removed. But, Mr. Speaker, that shop happens to be a plywood plant and has been for many years. This is a subtle example of one of the methods used to increase deficits and is the kind of thing they have used in the past. I suggest they are not going to get away with it in the future.

I have seen cases where the rates were raised in order to discourage people from using the train. I accuse the railways of scheduling trains to discourage people from using them. When I travel to my riding by train I return on the overnight train from Kapuskasing or Cochrane and I must change trains at North Bay in the middle of the night. One hour before that train arrives at North Bay, the through train to Montreal has gone so one has to sit there for eight hours waiting for the next train. One would think that they leave North Bay as soon as they hear the whistle of the train from the North. I see the hon. member for Timiskaming (Mr. Peters) has just come in and he can verify that statement.

[Mr. Stewart (Cochrane).]

Mr. Peters: That's right.

Mr. Stewart (Cochrane): This is the type of train scheduling which discourages people from using them. Now if I want to take a train, I go to Toronto and fly from there.

This is not the type of organization that is conducive to encouraging people to use trains and thereby overcome the so-called deficit. This poor service seems to permeate the CNR, and other railroads as well, but we are speaking specifically about the CNR today and I shall confine my remarks to that company. The poor service also extends to the dining car and everything else which generally discourages people from using trains. Most people would rather fly or drive but some parts of the country are not easily accessible by plane or car and it would be a great advantage in such areas to have a decent train service. My area is in that situation.

I believe that a great deal of the losses claimed by the CNR are due to mismanagement and mishandling and I should like to give some specific examples. There is a train from Quebec City which comes via the Montreal area through the Abitibi region to Cochrane. In a specific case that I know of 15 colour televisions worth $1,000 each were sitting in the express car, to be delivered to Amos, Quebec, in the Abitibi area. These were handled in such a way that only five of the 15 were serviceable. There were damage claims for the other ten and that meant $10,000 worth of claims against the railroad. Now, that amount is charged against the passenger service budget.

A train which carries express has to stop at several stations for which it has goods and sit there for 20, 30 or 40 minutes while the express is unloaded. For a passenger, this is a very discouraging factor. The train from Quebec City through the Abitibi region averages 22 miles an hour from Quebec City to Fitzpatrick. In this day and age, Mr. Speaker, I think most people would prefer to walk rather than use a train which averages 22 miles an hour.

I know it is easy to criticize, but perhaps there are other things that we can do. We can make suggestions on how the poor service can be overcome. Several groups in my part of the country and I personally, have suggested re-routing one of the transcontinental trains. Instead of bringing it through the bush country where next to nobody is served, it should come through the tritown area, that is the Abitibi area, the Cochrane area and the

Hearst area, and join up with the main line at Nakina.

There has been no formal reply to this suggestion, Mr. Speaker, just the usual acknowledgement of my letter. A brief was sent in as a result of a conference which took place in Cochrane subsequent to my own suggestion, but there has been absolutely no argument forthcoming from the CNR as a result. I suggest the reason is that they cannot offer good grounds to rebutt these suggestions.

Privately, the company has breathed certain thoughts about the roadbed not being up to par and that the CTC, (which is an automatic signalling device) is not available on the northern line of the CNR. Surely, with one passenger train in that area such a system is hardly required; it could easily be fitted in with the freight train schedule. If the line is to be kept open a certain amount of upgrading of the roadbed must take place in any case and in the meantime the trains could take it a little more slowly. We have shown by the proposed schedules that the train could go through that area and still save time, even with poor roadbeds in certain parts of the north country.

For some time now, Mr. Speaker, we have been hearing a great deal about the development of Northern Ontario and how to encourage people to live there. This year the government passed a bill to encourage new industries to open in the area and have given incentive grants. But how can we expect people to come if we offer poor transportation services? Just about a month after a program was started to encourage people to move north, the railroad stated that it wished to cancel the existing inadequate service.

I believe that a transportation system properly run and managed should not lose money. This is borne out by the action of the courageous gentleman in Barrie who ran a special train to Toronto and made money. It seems to me that these losses indicate poor management and we, who represent the people of Canada, should examine that aspect a little more closely. I believe that the board of the CNR should include members who are elected by the people. What is wrong with putting a member of Parliament on the board of a Crown corporation? It has been done elsewhere; but we, in Ottawa, always seem to shy away from the idea. Yet, when we ask a minister in the House a question about a Crown corporation, the first thing we hear is that Crown corporations are independent, that they must run their own affairs and that we cannot interfere. It is the system that is wrong and that is why I take to task the previous hon. member who spoke about this government not taking its responsibilities seriously. I do not care whether a Liberal, Tory or NDP government is in power, so long as the present system exists we shall not be able to control the CNR or any other Crown corporation. We should decide, therefor, that there must be more representatives of the people on the boards of those corporations. That is why I advocate a member of Parliament being a representative on Crown Boards and agencies. Are we that stupid that we are not capable of serving on such boards? Of course, many public servants think we are stupid; we are treated with contempt by many of them.

• (4:00 p.m.)

But I can tell you, Mr. Speaker, that on some boards the government has formed, and the National Arts Centre is a case in point, there is not one member who is as highly qualified to serve as several hon. members in this House. So far as the CNR is concerned, the hon. member for London East (Mr. Turner) who sits behind me in the House and who has had several years service with the CNR probably knows more about the CNR and matters of transportation than any member of the present board of directors of the CNR. Certainly, there is no reason in the world why members of this House should not serve on the boards of Crown corporations. That is why I feel that until this House decides that we must have greater control over the way people's money is spent, we shall continue to be confronted with the same difficulty.

The hon. member who preceded me spoke of holding up this bill because year after year we must approve the allocation of a certain amount of money. It is true that we go through this every year and that is futile, but we shall not get anywhere by refusing to pass the bill because the railway must continue to operate. It is the system that must be changed, and there is only one way to change it. We ought to change it right here in this House so that hon. members of this House may serve on the boards of directors of Crown corporations.

Mr. Charles A. Thomas (Moncton): Mr. Speaker, when he introduced this bill on November 13, the Minister without Portfolio (Mr. Gray) told us that a similar bill to

appropriate funds for the CNR and Air Canada has come before Parliament year after year, the exception being those two years that were combined. I believe an hon. member who preceded me said that this has been going on for 45 years. I do not know whether that is quite accurate, but the mere fact that we have been doing something for 45 years does not mean that we are going about it the right way. I join with many spokesmen on this side of the House who have complained about this being a useless exercise. Here we are being asked to approve the granting of some $200 million already spent. What is the good of this? What if we say that we will not grant the money? It has been spent. We are also asked to approve another $82 million, I believe, to be spent between January and July 1, 1970 for obligations incurred prior to January, 1967. In other words, that $82 million is also committed. This, I feel, is the most unbusinesslike way of handling finances that I have ever run across. Although we cannot do anything about the money that has been spent, I feel that we should demand some accounting so that if these moneys are requested, in future years at least we will have some idea what these corporations are doing with the money. But here we are presented with a fait accompli; the money is spent and we cannot do anything about it now. I think each and every one of us should examine these items closely in committee to make sure the money has been spent properly, so that in future years we may have some basis for a decision.

In this modern day and age nothing is more important to a country like ours than transportation, and it certainly behooves us to know what the government plans to do. Does it have a comprehensive transportation scheme? Does it have a plan to hook up outlying parts of Canada with the centre, provide passenger service and provide for the movement of freight? I say this afternoon that despite all the committees the government appointed, despite all the reports that have been brought in about the Atlantic area and other areas, the entire subject of transportation today lies in greater confusion than ever before.

Although I was not a member of this House in 1967 when the National Transportation Act was introduced, I read many of the pertinent debates and speeches of opposition spokesmen. Many of those spokesmen are in the House today. I agree with many of the objections raised at that time by the opposition.

[Mr. Thomas (Moncton).]

Government supporters contended the act would be the be-all and end-all for transportation. There we were, setting up the board under this czar, this renowned expert on transport who would immediately solve all our difficulties. I say that if the hon. member for Cochrane (Mr. Stewart) is complaining about members of Parliament not having anything to do with the operation of the CNR he ought to point his finger at the government which brought in the National Transportation Act, because the Act makes it impossible for the ordinary member of Parliament or any other person to question the activities of the CNR. That is where the blame lies.

Some of the confusion the National Transportation Act created has been much in evidence recently, as shown by the recent unprecedented action by the Air Traffic Association of Canada. That body, in a unanimous vote, condemned the Air Traffic Committee of the Canadian Transport Commission for its absolute failure to come up with any workable and enforceable air traffic regulations. Here is a body set up to devise a system of control now telling us, in effect, "The regulations are not workable or enforceable, and therefore are not being enforced". In other words, carriers are running rampant and not paying attention to schedules or regulations. In this area the CTC has fallen down completely.

• (4:10 p.m.)

Again, let me cite as evidence what happened at the recent meeting in Toronto of the Automotive Transport Association of Ontario. Here we have a body composed of the operators of probably one of the fastest growing segments of our transport system. Here again, we find a body harshly condemning the Canadian Transport Commission for failure to act in their area. These people say in effect that because the government has failed to announce its intentions with regard to implementing Part III of the Transport Act, a rash of provincial regulations has sprung up which is crippling the work of the association. I am pleased to hear that these people are meeting in Ottawa today and I hope the Minister of Transport (Mr. Jamieson) will be able to make an announcement to the House soon with regard to Part III of the act.

The failure of the Canadian Transport Commission to operate effectively is underlined by the recent action on the part of the railway companies in applying for the abandonment of some 31 passenger trains. I shall not discuss the details of these applications—

that is the job of the Transport Commission—but I do wish to point out that these applications for permission to abandon passenger service have caused a great deal of worry and concern in many areas of Canada.

By way of illustration I should like to read into the record a letter from the President of the Moncton Board of Trade addressed to Mr. D. H. Jones, Chairman of the railway transport committee of the Canadian Transport Commission. It states:

> Dear Mr. Jones:
>
> The Moncton Board of Trade were shocked to read news reports last week that The Canadian National Railway has filed application to discontinue passenger rail service between Saint John and Moncton. We feel that this service is a most important link between two of Atlantic Canada's major cities and in some weather conditions the only reasonable means of travel. We are also concerned that discontinuance of this service will seriously inconvenience many Canadians living between Moncton and Saint John who use this means of transportation to travel to our City and to Saint John to do their shopping.

The letter goes on to say:

> We feel this idea is particular folly at a time when the federal and provincial governments are taking action and spending a great deal of funds to develop Canada's Atlantic region.

Because I was concerned about this facet of the procedure I asked the Minister of Transport in the House one day last week what he intended to do in response to this proposal by the railways which would effectively destroy any attempt by his colleague the Minister of Regional Economic Expansion (Mr. Marchand) to build up industry and improve employment prospects in that region. The minister replied that he would do what he could to prevent any such action taking place. I hope the Minister of Transport was sincere and that he will exert every effort to ensure that employment prospects are not cut down because of unilateral proposals on the part of the railways.

The letter continues:

> Although we as businessmen understand the CNR's concern about continuing a service that is losing money, we also realise that all businesses, particularly in the service and transportation industries, have to provide some services which may not be as profitable as others. We feel this route is one such service that our national railway must be prepared to provide in the public interest along with its other routes that are profitable.

This letter expresses the concern felt among the business community. The labour community shares this anxiety. Railway workers, in particular, are upset; they do not know when their jobs will end; they do not know which lines will be discontinued. I received a telegram from one of the Canadian Brotherhood of Railway Trainmen locals expressing concern about the probable loss of jobs following the abandonment or curtailment of passenger services. I was in touch with the sender of this telegram recently, and after talking the situation over I believe I can assure him that the loss of jobs will not be as severe as he fears. Here, I give full marks to the CNR; they are doing everything they can to cushion the impact of the action which the company has proposed.

I cannot go along with those who are always ready and willing to take a swipe at the CNR. In this connection I appreciate the remarks of the hon. member for Regina Lake Centre (Mr. Benjamin). In my opinion, he stated the position very well and very clearly. I feel that in the past few years the CNR has made every effort to modernize its system, and done everything it could to introduce businesslike methods. It has computerized a large part of its operations, introduced new types of services, and so on. I honestly believe the CNR is making a real, one hundred per cent effort to keep going. I say again that the blame for the present unsettled situation rests clearly with the Canadian Transport Commission.

Here before me is an act drawn up in 1967 which states that all transportation services in the country should be compensatory; that if it can be shown that the railways are losing money, and if it is proved that these services are essential, the companies can be subsidized up to 80 per cent. To my mind this is nothing but a licence to steal. Can you blame the railways if they juggle their figures a bit when they have been told that if they can show a loss they will get subsidies up to 80 per cent? Would it not have been much better and more sensible to have written a provision into the act to the effect that the railways must produce their costs for inspection by the railway transport committee of the CTC? Then, if subsidies are in order, let them be granted. Why throw the people of Canada into a state of anxiety because the railways are encouraged to follow the stupid method of making a blanket application to abandon every passenger line in the country? No wonder business is upset. No wonder people are worried.

The fact that the applications have been made cannot be changed now. This is the procedure which has been provided in the act. I for one do not believe for a moment that the CNR has any hope or any intention

of abandoning all its passenger services. I am thoroughly convinced this action was taken in the hope that these services would be declared essential and would therefore be subsidized. But the applications have been made; the damage has been done. Now, it is up to the CTC to act, and to act quickly. If, as an hon. member has suggested, there has been any monkeying with the books, if some of the costing procedures of the CNR are not satisfactory, let the CTC examine this aspect of the applications and make its findings known. If the figures are not satisfactory, let the committee tell the railway it must continue to operate these services. If, on the other hand, the CTC is satisfied that the figures are correct, that the lines are losing money and that the services are essential, let the government provide a subsidy to the CNR. But by all means keep the services going and let us get this whole situation resolved.

• (4:20 p.m.)

I was pleased to pick up a copy of the speech which Mr. Pickersgill delivered this morning to the Canadian Association of Movers. The Movers Association is mainly interested in Part III of the National Transportation Act, but fortunately Mr. Pickersgill recognizes the seriousness of these rail passenger applications and he took the time to talk to the Association about the various applications. In the course of his speech he pointed out that a section of the National Transportation Act provided that the railways should not be obliged to carry the burden of operating uneconomic services, but that this did not mean, as some people have construed, that all of the trains involved would automatically be discontinued. Then, Mr. Pickersgill went on to say:

> The act places on the Canadian Transport Commission the responsibility of deciding whether a particular service is not required in the public interest and therefore should be discontinued or whether the public need requires that it be kept in operation—with compensation.

In other words, at public expense. Then, he went on to say something that I think should be on the record:

> In essence, what the Commission must do in each case is to weigh the public need against the amount that the public treasury would be required to pay in order to continue the service. There are some obvious cases where passenger train service is going to have to be continued because no other alternative mode of transportation is available in the area. On the other hand, there are some services where train patronage has all but disappeared and there is no apparent justification for the use of public funds to support something the public clearly does not want.

[Mr. Thomas (Moncton).]

I think this emphasizes something that some people are not too willing to recognize. I do not think it fair to ask any carrier to continue a service which people are not using if an alternative mode of transportation is available. We must be reasonable about these things. We should not damage our case by demanding that all routes be subsidized holus bolus.

Mr. Pickersgill then went on to clarify the position regarding appeals, something that the hon. member for St. John-Lancaster (Mr. Bell) dealt with when he spoke a couple of weeks ago. While he did not say in so many words that an appeal rests in every case, Mr. Pickersgill pointed out that although the Act does not provide that hearings take place in public, his own layman's interpretation of the Act—and knowing Mr. Pickersgill, I would say his interpretation is the law—is that its provisions are very close to being mandatory on this point.

People, particularly in my area, are demanding these hearings be held. Naturally, they do not want to lose passenger services, though they recognize that some may have to go. But what they do want is some statement of policy by the government or the Canadian Transport Commission, or by somebody in authority, regarding these applications for abandonment.

Although these applications were filed almost two months ago, the railways are still waiting for an indication from the CTC when these applications will be heard. In the meantime, people are wondering what is going to happen. Just like a snowball rolling downhill, rumours are starting to fly. First of all 50 people are going to be laid off; this figure grows to 100 and then to 200. Then, it is rumoured that all these services will be discontinued. The Minister of Transport should take the lead in getting the Canadian Transport Commission to take action on these applications without further delay.

The people in the Atlantic provinces are still waiting for some clear statement of policy from the government. The Minister of Transport tells the House one thing; then he goes to a public meeting and makes a different statement. For example, he told this House that the freeze on freight rates would remain until such time as a complete overhaul of transportation policy for the maritimes had been made. Then, we hardly have time to get home and read the newspapers before the minister has announced that the

freeze has been lifted. How can we in the Atlantic provinces have any faith in the statements of this government?

An editorial in the Saint John *Telegraph-Journal* in October, 1969, dealt with the effect of this action on the region in an article headed "Erratic rates harm region". The article commences:

> No businessman in the Atlantic provinces has the least idea from one day to the next how much it is going to cost to bring raw materials in or ship products out.

The editorial points out that freight rates which had been frozen for two and a half years to allow this government to develop a transportation policy for the maritimes had suddenly been lifted. As a result, railway freight rates shot up 9 to 18 per cent at once, and they are expected to go higher in the immediate future.

There has also been confusion over the railway's announcement that it would cancel rates on less than carload lots and bring in higher express rates for the area. I must give the Minister of Transport credit: On this occasion he acted promptly and the railways deferred action. The minister then went on to refer to the federal-provincial committee and intimated the committee might recommend removal of some of the subsidies in the area, though did not say whether the subsidies were on lumber, fish or potato shipments. As a result, no shipper in the area knows whether to expect 20 per cent higher freight costs or 40 per cent. In fact, they have no idea what is coming next.

The editorial to which I have referred concludes with this paragraph:

> We need a new transportation policy, without a doubt. The rest of Canada got a new deal in March, 1967, and this region was promised one at that time.

The latest blow to this region, though all parts of Canada will feel the impact, is the announcement made by the express carriers, including not only rail but air carriers, that as of December 1 shipments of flowers and horticultural products will be accepted only if the consignors assume all risk of loss or damage from frost. This may seem a minor item, but to the florists, of whom there are a great many in this country, it is a very serious blow. In most regions in the Atlantic provinces the only way to ship such products is by express freight. In effect, the express carriers are telling these producers that all shipments will be made at their own risk.

I am sure the House can see the possibilities that can arise here. According to an editorial I have here, if the railway is entirely freed from responsibility for frost damage to these shipments, any concern to prevent such loss will largely evaporate. Wide open exemption invites careless handling. In other words, why worry too much about these products if you are not responsible for their loss anyway?

I lay the blame for this situation on the railways, and I suggest the Minister of Transport take immediate action to correct it. When he was replying to a question in the House on Friday, I was pleased to hear the minister say that a meeting was being held on Monday in Ottawa with the parties concerned and that he was hopeful the matter would be resolved. No announcement has been made in the House so far, but perhaps we will hear either today or tomorrow that the Minister of Transport has taken action to correct the situation. Although this problem is faced by the whole of Canada, I speak for the Atlantic region since I am naturally more familiar with that area than the rest of the country.

The blame for not introducing a transportation policy in the maritimes rests squarely on the government, and on the Canadian Transport Commission, which is a creature of the government. I submit action must be taken immediately to develop once and for all a clear and comprehensive transportation policy for the Atlantic region.

• (4:30 p.m.)

In so far as Air Canada is concerned, I have no great complaint, although again I complain about this method of financing. I think we have a government service which is one of the best in the world. It has been recognized as such and we rightly should be proud of it. In some areas the service could be improved. I feel that interregional traffic, for example, could be better handled than it is at the present time. The whole system of scheduling should be revised.

Perhaps I am bearing a personal cross here because I am thinking particularly of my own experience. The flight leaves Moncton for Montreal and lands at Montreal airport half an hour after the Ottawa flight has left. This means that a traveller has to stay at the Montreal airport for two hours waiting for the next flight. It seems ridiculous that this jet flight from Toronto to Montreal to Moncton, which arrives at 11 o'clock in the morning at

Moncton, should sit for an hour and thirty-five minutes, to my knowledge not being serviced other than refuelled, then head back to Saint John and Montreal, arriving after the Ottawa flight has left. Why could the flight not be scheduled to connect with the plane coming in from Sept-Iles? It could be set back half an hour and connect with the scheduled flight from Moncton. You would then have a connection.

These are some of the things people are complaining about in respect of Air Canada. They have in mind the intercity service between Halifax and Moncton, two of the largest centres in this area. There are only two flights from Halifax. You leave there at 8:30 or 9 and there is no other flight until eleven o'clock. All that is involved is a revision of the schedule to fit what people want and will use.

Before we give this bill second reading, I invite other members of the House to state their views. I feel it should be examined very closely and carefully by the committee. There are many things that should be corrected in the future, and until such time as the committee is able to give these things careful consideration we will never have a proper and comprehensive transportation policy in this country.

[*Translation*]

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, the matter presently being studied reads in part as follows:

Resuming debate on the motion of the Minister of Finance for second reading and reference to the Standing Committee on Transport and Communications of Bill C-7, An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada—

In fact, what the Canadian National Railways want the House to do this afternoon, through the Minister of Finance (Mr. Benson), is to vote the amounts they need to provide Canadians with certain services and to continue their operations.

The CNR management is asking me, as the representative of some 60,000 citizens in the riding of Madawaska-Victoria, to approve these credits, but I am not willing to do so until I have succeeded in clarifying certain things. What I am asking the CNR management is to tell me clearly what I will get in return.

Moreover, somewhere in this House, perhaps hiding behind the curtains, there are some CNR representatives. In fact, there are always some of them when we debate this measure here.

[Mr. Thomas (Moncton).]

[*English*]

The Canadian National Railways has a certain way of putting things to our Canadian citizens. For one thing, it is constantly putting out fancy press releases which accomplish absolutely nothing in the way of explaining why it does certain things such as cutting down services and abandoning passenger service. They do not explain why it downgrades train passenger service. I have one here dated November 5, 1969 in which the CNR is acting as they say, under the Canadian Transport Commission procedures for the rationalization of Canadian passenger services. The CNR announces several adjustments in train services. This adjustment and rationalization procedure is well known to all members of this House, and indeed to all Canadians.

This press release reads:

Canadian National Railways, acting under Canadian Transport Commission procedures for rationalization of passenger service, today announced several adjustments in train services.

It goes on to state that all this is "part of a continuing program under which, in accordance with the National Transportation Act and recent orders issued by the CTC" it is intended to tailor passenger services to current market demands. I do not know what that means. The press report continues to explain what the CNR intends to do without giving any explanation as to what this intention means. We have to run around like crazy rats to find out what is going on in CN administration. Still, we do not get any answers from anyone.

The press release continues:

Mr. Roberts said that CN's passenger policy remains unchanged—"to eliminate the passenger deficit, not the passenger business."

Mr. Roberts is general manager of passenger sales and services. I cannot explain this statement and I am sure the CN cannot explain it either. The press release goes on to speak of adjustments and more tailoring. What the CN is doing is not tailoring or adjusting, it is terminating services to Canadian people. I could not agree more with members who spoke previously this afternoon. In fact, I tend to agree with them entirely on a non-partisan basis.

Mr. N. J. MacMillan, Q.C., chairman and president of the CNR, in a letter of November 13, 1969 to the President of the Edmundston Chamber of Commerce had this to say about the change in the type of passenger train

service on the CN's Halifax-Edmundston-Montreal run. What they are actually doing there is taking off the full passenger train from what we call the transcontinental run, which cuts across New Brunswick and into Montreal, and putting it on the intercolonial run which goes up the north shore into Montreal. They are replacing the Ocean Limited, which was a full service with sleeping and dining facilities and which operated at night. The CN proposes a rail-liner type of service, which is most inefficient as I will show a little later.

Mr. MacMillan, in giving reasons for taking away the Ocean Limited from the transcontinental line and putting the service on the Intercolonial line, said that the Ocean Limited via Edmundston was a test conducted to determine the volume of passenger traffic that could be generated by providing full sleeping and dining car service. It might have been a test, and I will come back to that a little later.

• (4:40 p.m.)

Again the vice-president Atlantic region of the Canadian National Railways, Mr. J. W. C. MacDougall, is quoted as saying in a press release that the operation of the Ocean Limited via Edmundston was part of a test conducted by CN to determine the volume of passenger traffic through central New Brunswick. I shall come back to that again. Finally, there is a letter from Mr. D. Lacombe, public relations manager of the Canadian National Railways Atlantic region, dated November 13, in which he states that the changes affecting Edmundston were solely the subsitution of another type of service and did not involve abandonment. Consequently, this change did not involve the Canadian Transport Commission. That is quite evident. Then, at page 2 of his long letter to me he said that he had hoped the service would prove to be a commercial success but, like the people of Edmundston, he was disappointed.

I say to Mr. Lacombe, to the Atlantic vice-president and to the chairman of the board, that the Ocean Limited was not a success because the CNR did not try to make it a success. It is as plain as that, and I shall quote facts later to prove it. To the people in my area and in the general area of central New Brunswick, which includes the capital city of Fredericton, Edmundston and into Quebec, this train service is essential. If the CPR should be authorized to abandon its train service through Maine there will be nothing left for the good people of Fredericton to travel on when they wish to go into central Canada except the air service. This is insufficient, especially in view of the very bad roads one must travel on when entering the province of Quebec at the New Brunswick border about 20 miles from Edmundston. This really is a bloody shame.

Mr. Winch: It is a joke.

Mr. Corbin: Sure, it is a joke. The whole CNR operation is a joke. We in this House are being made to look like fools. They want a "yes" from us but they will not guarantee anything to members of this House, nothing whatsoever. I brought to the attention of the Minister of Transport (Mr. Jamieson) certain facts regarding the Ocean Limited. I shall deal with those right now. I have received mountains of letters and telegrams from people in my area protesting this change of service. I have answered every one of them by saying it is just impossible for me to do anything directly and that it is impossible for the Minister of Transport to intervene directly. The only door open to us now is that of the chairman of the Canadian Transport Commission, Mr. Pickersgill. We do not know what he will do about this.

Mr. Macquarrie: I could tell you.

Mr. Corbin: I will give him one chance. I will await one reply, and if it is not the type of reply I want I will return to this subject on another occasion in this House. When the CNR officials informed me of a rail-liner service originating from Edmundston to Moncton and Montreal, with Edmundston to be the central departing point, I immediately protested to the government and the Minister of Transport. I was informed that there was not much they could do in the circumstances. It is quite clear in everyone's mind that the CNR has taken the first and necessary step to eliminate completely all types of passenger service from the transcontinental line. It is evident it can reduce, on its own initiative, or change completely the present type of service on that line from dining and sleeping facilities to a simple rail-liner without reference to the Canadian Transport Commission. That is evident. If it had announced full abandonment of passenger service, with the elimination of the Ocean Limited, the public reaction would have been too strong and the Canadian Transport Commission would have ordered the CN to maintain that service because it is an essential service.

The CNR officials, particularly the schemers, will not be surpassed in brains. They are pretty smart people. Therefore, both from a public relations point of view and with regard

to overcoming the CTC obligation to safeguard the public interest, it will be definitely very much easier for the CNR at a later date, in the not too distant future, after the proposed introduction of the rail-liner service, to seek complete abandonment of all types of passenger service on the transcontinental line through New Brunswick. The CNR will win its point simply because introduction of the rail-liner will not meet the requirements of our travelling public and consequently it will not be patronized, with the exception possibly of the Edmundston to Moncton run which I agree may not be too bad with a rail-liner.

Our problem is in getting to Montreal and central Canada. A rail-liner just will not do. I will not attempt to present arguments to show that the people in the areas along the transcontinental line are not to blame for lack of support of the Ocean Limited. However, if the CNR would only be fair with us I feel sure, as do a lot of people in Madawaska, Victoria and Fredericton, that it could not prove its point. If the CNR wishes to clear the transcontinental line for the exclusive use of freight trains and unit trains why does it not say so publicly; why is it playing games with people, Mr. Speaker?

Some hon. Members: Hear, hear.

Mr. Corbin: I for one will not hesitate to affirm, as I did last year in the House of Commons, that the CNR has definitely not shown sufficient co-operation and public relations in promoting its passenger service in our area, and indeed in many areas of Canada as we have heard this afternoon. Yet, in spite of that crying lack of public relations and promotion, our people consistently have patronized the Ocean Limited when going to Montreal and back because this is the only means of travel to Montreal and back, especially in the winter months. That is particularly true in respect of business and industrial representatives.

Mr. McGrath: Mr. Speaker, would the hon. member permit a question?

Mr. Corbin: Certainly.

Mr. McGrath: I share the views the hon. member is expressing so eloquently, but I should like to ask him why he did not speak up when the CNR was pulling its passenger service out of Newfoundland because the effect of that in my province is the same as the effect of the railway's plans in his constituency.

Mr. Corbin: Mr. Speaker, the hon. member for St. John's East (Mr. McGrath) is very eloquent in respect of his own riding and, in my opinion, last year defended very well the point he just raised. I speak for my region, and I trust he speaks very well for his own region.

It is not just a matter of choosing our mode of transportation. We do not have that luxury. It is purely and simply a matter of survival. A look at a map of New Brunswick—and I wish I had a large map here to hold up—will demonstrate what I mean. Edmundston is located 200 miles from Quebec city and Route 20 to Montreal which is an excellent route. It is 200 miles from the Fredericton airport. We have no other means of access to central Canada except by road and one travels this road at his own risk and peril during the winter months. The province of Quebec has not to this date, since the introduction of the Trans-Canada highway road-building program—indeed it has only this summer begun preliminary work—constructed its Trans-Canada segment from Quebec city to the New Brunswick border, a distance of 200 miles.

• (4:50 p.m.)

The anticipated date of completion is perhaps 1972, but one never knows with the province of Quebec. We are at the full mercy of Quebec with regard to access roads to central Canada. The average snowfall in the fair city of Edmundston, and the general area I represent, is 120 inches per winter in a period of four months. Last year we recorded well over 160 inches, and that is a lot of snow. Travel by road to Quebec city during the four winter months is, even today, undertaken on the old route No. 2 at one's own risk and peril. We have a bus service, but people use it mainly for short trips. We do not have a regularly scheduled air service to Montreal because we do not have a paved or safe airstrip at the present and because, in my opinion, EPA seems to be hogging the air service in the Maritimes and it gives service only to whom it pleases.

We are thankful for the service on the Ocean Limited. It is not the best of trains; it could be a little cleaner and it could be run a little better. The reservation system on the train could be much better, but we have it and we use it. We are not by any means in love with the Ocean Limited but we use it because it is the only reliable service at our disposal. During the summer our roads and those in the province of Quebec are overcrowded with tourists. This is another handi-

cap when we have to travel to Montreal, Toronto or Ottawa.

I would like to remind hon. members, as I did last year, that CNR opposed Quebecair's application to serve our area in 1968. Perhaps the application was rejected for other reasons as well. On that occasion CNR argued that they had just introduced a passenger service in our area—that was in 1967—and a scheduled air service in and out of our area would only hurt their chances of making money. CNR tells us, on one hand, that the whole thing was just a test and, on the other hand, they want to sound serious and give the impression that they were really serving us all that time. Who in the heck are they bluffing? CNR may not be making money by running the Ocean Limited through Madawaska-Victoria or central New Brunswick but it has yet to show that it is in fact losing money.

We could not care less about the names the CNR gives its trains, such as Ocean Limited, Chaleur, Cabot, or Scotian. What is in a train name anyhow? We also have trains 122 and 123 in and out of Campbellton. We want a train with sleeping and dining cars if it is to travel part of the night in and out of our area. That is the whole issue in a nutshell—the rail-liner will not provide us with that service. Furthermore, on a return trip to Montreal the proposed rail-liner, which is scheduled to go into service on January 7, would necessitate overnight accommodation in Montreal because it does not make a return trip on the same day as does the Ocean Limited now. People coming from Montreal into Edmundston could not make connections with other cities such as Grand Falls, St. Leonard, Plaster Rock and indeed Fredericton.

Again, I should like to refer to my short speech last year in the House in which I suggested to the CNR a slight modification in its return schedule to Edmundston to make the trip more bearable. Everyone would have been happy and passenger sales would have gone up in our area if the CNR had taken action on my suggestion. But I did not hear one word from them. What is a commercial success in the opinion of CNR anyhow? Is this measured in terms of the amount of money you can milk from the public, or should it not be the actual and real service which a Crown corporation renders to a group of people who do not have the luxury of choosing their mode of transport?

Again, I insist on the fact that the CNR has not shown that it is losing money on the Ocean Limited through Edmundston. It has only stated so. I suggest that it has no valid reason to take the Ocean Limited from the transcontinental line and place it on the intercolonial line where there are already three passenger train services. When the Cabot train, the forerunner of the present Ocean Limited, was introduced in 1967 on the transcontinental line, as editor of the local paper, and as a private citizen I tried to find out from CNR officials if their train was making or losing money on the transcontinental line. I received no answer whatsoever. Again, as a member of Parliament, I put the same question on the order paper, to which there was a polite refusal to give information because to do so would hurt the CNR in their competition with other transporters, or something to that effect. Yet, the CNR expects us to swallow its fancy press releases stating that the Ocean Limited is not a commercial success. I, for one, will not stand for that kind of nonsense, nor will the people I represent. I will spare the House the details of the hardships which the rail-liner would impose on me as a member of parliament travelling to the national capital and back to my riding. I will only say that with the introduction of the rail-liner, if I had to travel home on every weekend as I did last year—but this year my family is with me in Ottawa, therefore there is no necessity for me to travel back every weekend—I would lose two full days a week when the House is sitting. How am I expected to carry on my responsibilities as a member of parliament? Am I to travel on Saturdays and Sundays? I certainly will not.

An hon. Member: That will teach you to be a Liberal.

Mr. Corbin: If train travel to and from our area is to be practical, there must be night service. The travelling public will simply do what CNR has wanted all along if we do not get that, that is cease patronizing their passenger service.

I made a proposition—

The Acting Speaker (Mr. Béchard): Order, please. It being five o'clock I must interrupt the hon. member.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to

inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—Transport—Caribou-Wood Islands Ferry Service—Improvement of Facilities; the hon. member for Malpeque (Mr. MacLean)—National Defence—Future Structure of Militia Forces; the hon. member for Kootenay West (Mr. Harding)—Pesticides—DDT—Plans for Collection and Disposal of Surplus.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely public bills, private bills, notices of motions.

• (5:00 p.m.)

PRIVATE MEMBERS' PUBLIC BILLS

FAIR EMPLOYMENT PRACTICES ACT

AMENDMENT CONCERNING AGE DISCRIMINATION

Mr. Max Saltsman (Waterloo) moved that Bill C-15, to amend the Canada Fair Employment Practices Act (Age Discrimination), be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, Bill C-15 which is being presented this afternoon is an act to amend the Canada Fair Employment Practices Act regarding age discrimination. The chief purpose of the bill is to add age discrimination to the list of prohibited employment practices unless age is a bona fide occupational qualification. A secondary purpose is to prohibit the employer from including in an employment application form, advertisement or written or oral inquiry, a question or request for particulars as to the applicant's race, national origin, colour, religion or age unless by reason of a bona fide occupational qualification.

Under clause 1, the present section 4 is amended by adding, where necessary, the words "or age unless age is a bona fide occupational qualification." I would ask hon. members to support this measure, and I would ask members of the government party to permit the measure to go to committee. It is of particular importance at this time. It has always been of importance, but the need for such an amendment is becoming more and more obvious.

[The Acting Speaker (Mr. Béchard).]

Of course, one of the reasons is the government's policy of creating unemployment in an effort to control inflation, in my opinion a rather shortsighted approach which will not solve inflation problems but will create great hardship for many of our people. In a situation of this type, it is frequently the older worker who suffers the most. It is frequently the worker who needs employment the most who is placed at a disadvantage.

To my way of thinking another important reason is regional mobility. It is becoming obvious that some sections of the country are not able to sustain their present populations. Government policies of regional development have proven inadequate to the task, and many workers have to move from their areas of birth to new areas. This kind of regional mobility is most difficult for the older worker. Perhaps I should define what I mean by an older worker. We are not talking about somebody who is 70 years of age. Today, it seems that if one is over the age of 45 years one is subject to discrimination, except of course if one is trying to become the Prime Minister of Canada.

One of the great difficulties encountered by older workers moving from one area to another, aside from employment, is the problem of obtaining housing. Frequently their age works against the possibility of their obtaining mortgages. In every way, faced with this problem of mobility, the older worker finds himself in great difficulty.

Because of the rapid increase in technology people over the age of 45 years find that the skills they laboriously acquired through their apprenticeship, through their earlier years of training and practice, are becoming obsolete. Unfortunately, some of our manpower retraining programs do not adequately provide training opportunities and encouragement for the older worker.

One of the major problems is psychological. From my experience, and from the experience of many other people, it has been found that the older worker is a very desirable worker. Many employers have found that older workers have a great deal to offer. They have experience. They have reduced family commitments. They have reliability. They have a greater accuracy. In many cases they have greater stamina. Their continuity on the job is better than that of younger workers. They are more willing to accept shift work, and to accept training. Why then is it so difficult for some of our older workers to find employment? As I stated earlier, the problem is largely psychological.

This country and many others seem to be on a youth kick. In other words, whatever is young seems good, and if it is a little old it is not so good. It is one of the great fallacies of our time that youth, efficiency and knowledge are equated. Obviously this is not always the case. There are many desirable aspects to youth, and also many desirable aspects to those no longer young. Therefore, it is a psychological barrier that we must overcome.. I think that an amendment to the Canada Fair Employment Practices Act would go a long way toward overcoming the psychological barrier.

It may be that even this attempt through Bill C-15 to have that act amended in order to overcome the psychological barrier, and to bring in legal sanctions against those who practise discrimination because of age, may not be sufficient. In the past the government has tried to bring in programs to encourage the hiring of older workers. Unfortunately, those programs did not work. They were not effective. For a number of reasons which have never been carefully explained they fell far short of their objective.

A considerable sum of money was made available to employers if they would hire older workers. That sum of money was never used up, and many older workers were not hired. Fortunately for many of our people, particularly those who are in trade unions, there is protection under seniority rights. But for those who are not in unions, age can be a severe problem. As things stand now they do not have this protection under the law, except in some provinces. There are some provinces that offer this protection, but older workers do not have this protection in federal law, and as a result older workers are sometimes left at the mercy of their employers.

Even in the case of trade unions where there are seniority rights, problems occur over which the unions have no control. For instance, when a plant closes down and a man who has been working in it for 20 or 30 years is released his seniority is gone. He has to start all over again at the bottom and sometimes it is difficult for him to make that kind of adjustment.

Even in union shops work practices change. Because of changing technology in a plant, people are shifted and the older worker is placed at a disadvantage. What we are seeing is what some employers consider a private benefit to themselves. They seem to feel, despite evidence to the contrary, that older workers are not desirable. As a result, society generally has to pick up the cost through unemployment insurance or welfare programs of some kind or another. I think this is one of the things which must change. It is one of the areas where the government will have to bring in measures, and go beyond what I am suggesting in my bill, to see that every factory in this country is required to have a certain percentage of its employees over a certain age. It might not be enough to accept the provisions of this bill, although I would suggest, Mr. Speaker, that it is a necessary start. The provisions of the bill would at least assist in this direction and would certainly enable us to look forward to the day when everyone accepts the necessity of ensuring equal opportunity to people beyond the age of youth.

• (5:10 p.m.)

Therefore, Mr. Speaker, I would ask the members of this House to accept the principle of this bill and I would ask that the government provide an opportunity for it to become law.

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, I should like to thank the hon. member from Waterloo (Mr. Saltsman), who is sponsoring this bill, for deciding on Friday last to let it stand until today so that we would have a full hour for discussion. This gives me time to get my remarks on the record. I have some very definite points which I want to place on the record with regard to this act and other matters directly related to it. Many people in their forties and early fifties visit me from time to time and tell me how difficult it is to get employment today, even in private enterprise.

Before I get into the meat of my topic, there are a few remarks I should like to make in connection with the Canada Fair Employment Practices Act and possible amendments being considered to it. The experience of the federal government with the administration of this Act has been most satisfactory. During the past fiscal year ending March 31, 1969, some 73 complaints were received by the Fair Employment Practices branch. Of these, 47 relate to discrimination in employment and all were satisfactorily processed and settled. The Department of Labour has expended a great deal of effort in the educational field in encouraging fair employment practices.

The successful experience with the Canada Fair Employment Practices Act has not made the government self-satisfied, or insensitive to

the possibilities of improvement in the legislation, in its administration, in the associated work of education and persuasion. Indeed, at the request of the Department of Labour, a group of officers of the Department of Labour have in recent months been examining ways and means of enhancing the value of the Act by broadening its coverage and increasing its effectiveness. Among other things, they are considering the possibility of extending the current prohibitions to discrimination based on age. Unless the age is specified in the legislation, that provision could prove to be difficult or impossible to administer.

There has also been a serious obstacle to the hiring of older workers in the form of some superannuation schemes. This will diminish through application of the Canada Pension Plan and the move toward portability of pensions. Nonetheless, at the present time, any law dealing with age discrimination should be based on careful consideration of a number of pension questions. Certainly, the same incentive program on the portability of pension plans is most desirable in many fields at this time.

In Canada, three provinces, British Columbia, Ontario and Newfoundland have fair employment practices legislation that prohibits discrimination based on age. In 1967, the United States government passed legislation of the same type. Several of the States of the United States have similar legislation. In general, these laws prohibiting age discrimination permit employers to reject older workers when the rejection is based upon bona fide occupational qualifications. Sixty-five is normally set as the maximum protected age. I should like to say to the House at this time that experience under these laws is among the factors being considered by the Department of Labour in its current re-examination of the Canada Fair Employment Practices Act.

Now, Mr. Speaker, in getting to the matters related to this Act I should like to mention some other measures which I consider discriminatory. One of these is the systems of pay zones across Canada for the public service. Today, we have 36 pay zones and this brings about many discrepancies unfair to people doing the same job in different parts of Canada.

The pay zones originated at the bargaining table with the Treasury Board acting as bargaining agent for the government and the Public Service Alliance representing the public servants. In my area, public employees are in zone 22; Ottawa is in zone 20; North Bay is in zone 18. Here we are halfway between Ottawa and North Bay and in practically every classification of job performed at Base Petawawa, Chalk River forestry station or Foymount, employees are receiving a much lower rate of pay than those doing the same work in Ottawa or North Bay.

It is not very long since we heard many speeches in this House about equal pay for equal work in the case of men and women; where women were doing the same work as men they should get equal pay. In the present case, all I am asking is that the Public Service Alliance and the Treasury Board go to the bargaining table and set the same wages for public service employees in the upper Ottawa valley who are doing the same work as those in North Bay or Ottawa.

Some hon. Members: Hear, hear.

Mr. Hopkins: I should like to state clearly, Mr. Speaker, that in relation to our geographical position I think it is only fair that we should be in the same classification as North Bay.

Now, I am going to give you some of these discriminatory rates, Mr. Speaker, to back up my statements with facts. These examples are taken from the general labour and trades group, non-supervisory. First, take the machine driving operating subgroup. In North Bay, an employee in classification 8 earns $2.82 an hour.

Mr. Deputy Speaker: Order, please. The hon. member for St. John's East is rising on a point of order.

Mr. McGrath: Thank you, Mr. Speaker. I am just wondering how the hon. member can relate his remarks to the principle of the bill now before the House which, as I understand it, is on age discrimination and practices.

Mr. Deputy Speaker: I must say I had very much this same misgiving. I was giving the hon. member the benefit of the doubt, but the point of order having been raised I would have to caution the hon. member that the bill before the House deals with the matter of age discrimination and invite him to restrict his remarks as closely as possible to this point.

Mr. Hopkins: Thank you, Mr. Speaker. I do appreciate the indulgence of other members of the House in letting me get this complaint on the record, however, because I am sure all

members are interested in the prevailing labour practices. I am certainly interested in any unfair labour practices pertaining to age or otherwise as they may relate to employees in my area. That is why we are here in the House of Commons.

• (5:20 p.m.)

May I now carry on with the discussion pertaining to age. In some parts of this country, especially in areas where employment is at a low ebb, these people are usually the first to be let go. Add to this their possible low pay, and one can see in what plight these people can be. Many companies feel that it is not in their best interest to keep people over a certain age. We may live in an age of technology, but if we want a society that gives fair play to all individuals we shall certainly have to look after those people who have reached slightly more advanced ages. It is depressing for the man with a family to look after to be laid off, through no fault of his own and not find a highly paying job in private enterprise. As companies enter increasingly into the machine age, they lay off people. These people who have reached the middle or later stages of their lives must learn to re-adjust. This imposes heavy burdens on them and those at home. We have seen examples of people over 65 being quite capable of continuing work. Retiring these people early creates problems because if they have no hobby or something interesting to pass the time, time passes slowly. This upsets them, affects their health and makes it difficult for them to adjust.

Disregarding age for the moment, we ought to bring in uniform hiring practices across the country, particularly as they relate to public servants. We ought to avoid discriminatory factors which lead to our not hiring people in the mid 40's or late 50's or, when they turn to other types of employment, to paying them less than they deserve. I think it is time we had uniform pay scales throughout Canada for the Public Service. People employed by the CNR, CPR or Air Canada are paid according to uniform scales across Canada, regardless of age. The same applies to the Post Office Department where negotiations have been going on in recent years. At the bargaining table we must protect the interests of our people, regardless of age, and protect their families by making sure that no matter where they live in Canada, they are entitled to a guaranteed wage scale.

From time to time people come to my home and say, "I am 45; I have been to several places trying to find work, but no one will employ me." Where the demand for labour is strong such people are fortunate. But in slower growing areas of the country a man's age is taken into account and he may be discriminated against, where he would not be in areas of faster growth. I understand that the percentage of those unemployed in places like Kitchener is small. I imagine that in those areas people in their mid 40's are in great demand. However, in the lower paying zones of Canada, a man's advancing age creates difficulties for him. Also, if 45 or 50 year old people are forced to take lower paying jobs, it means that on retirement their pensions will be lower than those of their counterparts in the more fortunate, rapid growth regions of Canada.

In closing, may I make one plea in particular. I hope that the Public Service Alliance, representing the Public Service of Canada, and Treasury Board officials, representing the federal government, will take the question of age into consideration at the bargaining table and, in addition, take into serious consideration the discrepancy existing between wage levels in various parts of the country. At the risk of annoying you, Mr. Speaker, may I ask the government to give serious consideration to putting employees in the Upper Ottawa Valley into the pay category enjoyed by employees of the North Bay zone.

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I rise briefly to support the principle of the bill introduced by the hon. member for Waterloo (Mr. Saltsman). It is evident, I think, that all hon. members of this House support the principle of this legislation. I listened with interest to the hon. member who has just spoken, the hon. member for Renfrew North (Mr. Hopkins). While he may have indulged in some technical hairsplitting, once he returned to the main body of his remarks it became obvious that he supported the principle of the bill which, as I say, commends itself to the House.

In addition to approving of the bill in principle, all we are doing this afternoon is attempting to refer it to the Standing Committee on Labour, Manpower and Immigration, where the whole matter may be studied in detail and where witnesses testifying about unfair labour practices may be heard. We know that those unfair practices exist. During

the course of his introductory remarks the hon. member for Waterloo told the House about them.

I do not wish to be accused of talking the bill out. Since I think we are all agreed about approving the bill in principle, all we are really doing is taking part in an exercise to refer the bill to a standing committee where, as I say, it will receive the detailed study and examination that is so necessary for a measure of this type which deals with discrimination against certain Canadians.

• (5:30 p.m.)

I could give the House examples of discrimination against people in the later stage of middle age, of unfair labour practices directed against the hiring of people who could, I suppose, be classed as middle aged but who are nevertheless mentally alert, physically capable and experienced by virtue of their years. As I say, I support the principle of the bill.

I note that the Standing Committee on Labour, Manpower and Immigration does not have an order of reference before it at the present time and I believe this bill would make an excellent order of reference; it would provide the committee with an excellent opportunity to consider the whole area of discriminatory and unfair labour practices. I hope hon. members will allow this motion to come to a vote, so that the bill may be referred to the standing committee for examination.

Mr. Knowles (Winnipeg North Centre): Carried.

The Acting Speaker (Mr. Béchard): The hon. member for Scarborough West.

Mr. Knowles (Winnipeg North Centre): Come, come.

Mr. David Weatherhead (Scarborough West): Mr. Speaker, the Canada Fair Employment Practices Act which came into effect on July 1, 1953, is designed to prevent and eliminate practices of discrimination against persons in regard to employment and in regard to membership in a trade union because of race, national origin, colour or religion. The Liberal government of the day under the Right Hon. Louis St. Laurent in proposing the Act was translating into law a basic principle of human rights. As a member of various international organizations, Canada in recent years has subscribed to general declarations

[Mr. McGrath.]

of the basic rights and liberties of the individual. For instance, Canada accepted the United Nations Charter and Declaration of Human Rights, and the Declaration of Aims of the International Labour Organizations. Among the declarations of rights was one that the Canada Fair Employment Practices Act is designed to protect—the right of equality of opportunity in employment.

It is recognized that legislation alone does not entirely change the attitudes of mind which are at the root of discrimination, and the need for continued public and private educational efforts to do away with prejudice and ignorance is unfortunately very apparent. Like other federal legislation in the labour field, the act applies only to works and businesses within federal jurisdiction. These, of course, include navigation, shipping, railways, canals, telegraphs, aerodromes, airlines, radio and television broadcasting, banks and federal Crown corporations. However, like most federal labour legislation, it has had a far-reaching influence on the labour legislation of all the provinces in our country and now all ten provinces have passed similar legislation covering works and businesses within their jurisdictions.

The act states that no employer shall refuse to employ, or continue to employ, or otherwise discriminate against any person in regard to employment, or any term or condition of employment, because of his race, national origin, colour or religion. Further, an employer is not to use any employment agency which practices discrimination against persons seeking employment. Employers are not to make written or oral inquiries or use application forms relating to employment which express directly or indirectly any limitation, specification or preference based on race, national origin, colour or religion except where based on a bona fide occupational qualification. There are similar provisions against discriminatory advertising.

The act also forbids discriminatory actions by labour unions. No labour union may exclude anyone from full membership, or expel, suspend or otherwise discriminate against anyone in regard to his employment because of race, colour, national origin or religion. The act does not apply to employers of fewer than five employees, and it excludes non-profit, educational, charitable, fraternal, religious and social organizations.

While the legislation lays down penalties for positive acts of discrimination, it is

expected that most of the cases which arise will be settled by conciliation without any need for recourse to the courts. Experience with similar legislation in other places shows that the existence of the legislation alone is sufficient, in many cases, to prevent discrimination. Then, too, it is likely that many cases of discrimination will be found to have been caused by misunderstanding or thoughtlessness on the part of one or both of the parties, and that in such cases complaints can be ironed out without difficulty.

However, under the act a person who feels he has been discriminated against may make a complaint in writing to the director, Fair Employment Practices Branch, Canada Department of Labour, Ottawa. An officer of that branch will be directed to inquire immediately into the complaint and try to bring about a satisfactory settlement. Most complaints are settled at that stage. However, if a complaint is not satisfactorily settled, the Minister of Labour is empowered to set up an industrial inquiry commission to investigate the circumstances and to make recommendations to the minister as to how it can best be settled. The minister can then issue any order he considers necessary to carry out the recommendations of the commission, and such orders are final and binding on the parties. The act also provides for prosecution by way of summary proceedings in the courts, with the consent in writing of the minister, against anyone who does anything prohibited by the act or refuses or neglects to do anything required by it.

The experience of the federal government in the administration of this act has been, in general, most satisfactory. During the past fiscal year ending March 31, 1969, some 73 complaints were received by the Fair Employment Practices Branch. Of these, 47 related to discrimination in employment. All were processed satisfactorily and settled.

Our Department of Labour has received the fullest co-operation from the various trade union and human rights committees including the National Committee on Human Rights of the Canadian Labour Congress, from employer groups and from the voluntary agencies in the human rights field, as well as from the press, radio and television. The Department of Labour has expended a great deal of effort in the educational field in encouraging fair employment practices. In this connection, members of the House may recall the department's recent newspaper advertising which apparently made a few people uncomfortable but was generally well received across the country.

In addition to investigating complaints, the Fair Employment Practices Branch of the department is actively promoting the principle of affirmative action, not just the elimination of discriminatory practices per se but positive steps to encourage members of badly disadvantaged minority groups to take training and come forward for employment. This promotion is being directed at management, union and government agencies at all levels.

The branch publishes and distributes pamphlets and posters on the subject, produces items for television spots, posters and exhibits, and encourages or participates in radio and television discussions. Several hundred thousand pieces of literature on the laws and the roots of prejudice have been distributed during the past year. The Department of Labour also advertises the provisions of the act in the foreign language press of Canada, and prepares articles for other papers and journals. Officers of the department attend regional, national and international conferences on discrimination in employment. During the past year they made more than 60 addresses to labour conventions and to meetings where management was broadly represented. Over the years the federal Department of Labour has been widely commended for its work in this field, and rightly so.

However—and this point was mentioned by the hon. member for Renfrew North (Mr. Hopkins)—successful experience with the administration of this act has not made the department self-satisfied or insensitive to the possibilities of improving the legislation, its administration, or the associated work of education and persuasion. Indeed, at the request of the Minister of Labour (Mr. Mackasey) a group of officers in his department have in recent months been examining ways and means of enhancing the value of the act by broadening its coverage and increasing its effectiveness. Among other things, they are considering the possibility of extending the current prohibitions to discrimination based on age.

• (5:40 p.m.)

The December, 1968, issue of the magazine "Monetary Times" has an interesting article at page 23 headed "Prejudice and Discrimination". The article comments on a recent study by Dr. Edro Signori, a psychology professor at the University of British Columbia, on dis-

criminatory beliefs and attitudes toward employment by socially disadvantaged groups. Dr. Signori and his assistants have studied 400 books, reports and other published material, surveyed a small number of university students, and gathered 881 statements, 39 pages in all, of beliefs and attitudes held about the appearance, mental and physical traits, performance, etc., of groups classified as "socially disadvantaged" in terms of employment. This well documented and well supported study showed older workers as ranking No. 11 in order of discrimination in employment in Canada.

The following is a complete list of the 18 groups in question in the order of those most discriminated against in employment to those who are subject to lesser discrimination: (1) mental retardants; (2) hippies; (3) ex-mental patients; (4) ex-criminals; (5) North American Indians; (6) beatniks; (7) physically handicapped; (8) Negroes; (9) East European communists; (10) East Indians; (11) older workers; (12) school drop-outs; (13) Orientals; (14) southern Europeans; (15) Jews; (16) women; (17) north Europeans; (18) British immigrants. The study, however, points out that ranking would assume a somewhat different order in different geographic areas. For example, Negroes might well be ranked higher in certain areas of the United States.

In principle, I would favour such an extension and I am sure the government will in due course endeavour to determine whether it can be achieved in a practical way. In the meantime, although in sympathy with its purpose, I am unable to support this bill which would add discrimination based on age, except where based on bona fide occupational considerations, to the list of employment practices prohibited by the Canada Fair Employment Practices Act. I cannot do so because I am not satisfied that the bill would meet the tests of practical application.

I think all members of the House will understand that there is a significant difference between race, colour, religion and national origin on the one hand, and age on the other. The first group of factors should never be involved in determining qualifications for employment, and for this reason it is relatively simple to deal with them by way of legal prohibitions, as the present act does.

Age is different, however. In some cases, as the bill now before us recognizes, age may be a legitimate basis for distinctions in employment. Such distinctions can derive from a desire to provide training opportunities to the young or special protection to the old. They are very much a part of bona fide apprenticeship plans and pension plans, and they have a legitimate relationship to seniority provisions and other conditions of employment. For these reasons, it would clearly be unwise to force rigid and universal equality of treatment, regardless of age, by means of hasty or inadequate legislation.

Age discrimination is in many cases a question of practical distinction or economic consideration and does not always have the same form or substance as discrimination based on race, colour or national origin. Unless it provided for some flexibility through appropriate regulation-making power, age legislation could prove to be difficult or impossible to administer. Poorer employment prospects for certain age groups sometimes result from a desire on the part of an employer to maintain some balance in the age structure of his work force in order to provide for an orderly process of training, promotion and retirement, and in order to avoid the problems that can be created for both managers and employees by the lack of such a process.

Some superannuation schemes have also been a serious obstacle to the hiring of older workers. This barrier will gradually be removed through application of the Canada Pension Plan and the move toward portability of pensions. None the less, at the present time any law dealing with age discrimination should be based on careful consideration of a number of pension questions.

There is legislation in Canada and in many other countries of the world which not only permits but insists upon distinctions in work on the basis of age, particularly in connection with night work and underground work. It seems clear that since some distinctions on the basis of age are necessary, and since age is such a general and universal type of factor, a good deal of care must be taken in developing a legislative approach to the problem of discrimination in employment.

It is difficult to isolate the age factor as the full cause of any apparent discrimination in relation to employment. While chronological age is not considered a true measure of employability, no acceptable measurements of psychological and physiological age are yet available to employers to replace the date of birth method for deciding the age of a man for legitimate reasons such as pension plan rates and retirement dates. Thus questions and records which would be considered dis-

criminatory if asked or kept in connection with race or religion, would be considered non-discriminatory in relation to age.

In Canada three provinces, British Columbia, Ontario and Newfoundland, have fair employment practices legislation which prohibits discrimination based on age. In 1967 the United States government passed legislation of the same type. Several of the American states have similar legislation. In general, these laws prohibiting age discrimination permit employers to reject older workers when the rejection is based on bona fide occupational qualifications. Sixty-five is normally set as the maximum protected age.

I understand that experience under these laws is among the factors being considered by the Department of Labour in its current re-examination of the Canada Fair Employment Practices Act. For my part, I would hope this examination could be completed in the fairly near future, and that definite suggestions would be put forward by the government with respect to the act.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, we have heard of black power, red power, youth power and woman power, and if action is not taken soon to deal with some of the problems facing our older people we will shortly be hearing about senior power. With advances in medicine, more and more people are living for longer periods. In this day and age when there is great accent on youth we are tending to ignore this factor. Not only are the problems outlined in the bill before us of concern to older people, but also of concern to them are problems in respect of pensions, income tax, medical requirements, and so forth. This bill deals with just one important aspect of the whole question.

• (5:50 p.m.)

This matter is further complicated by the fact that because of technological change we find men dismissed from jobs at which they first started work, being retrained for other jobs in their mid-thirties, finding that work phased out again because of more technological change, and having to be retrained again. It is all very well to have a manpower retraining program for men in their forties and fifties who are put out of work because of technological change, but if we have no method of guaranteeing them work, or helping them find work once they have been retrained, we have not followed through with our remedy.

The bill put forward by the hon. member for Waterloo (Mr. Saltsman) embodies the right type of principle. He is taking the Canada Fair Employment Practices Act, which has been quite successful, and suggesting we amend it to include people who are discriminated against because of age.

Mr. McGrath: Would the hon. member permit a question?

Mr. Allmand: Yes.

Mr. McGrath: If the hon. member agrees with the principle of the bill, as he has just stated, why does he not agree with the motion to have it referred to the committee after second reading, where it can be studied and examined in detail? He knows he can do that by resuming his seat now and allowing the question to be put.

Mr. Allmand: I agree that it should be sent to a committee, but the hon. member must realize it cannot be sent to the committee unless it is given second reading. I should not want this bill to go to a vote on second reading until all the arguments are on record.

Mr. McGrath: You agree with the principle.

Mr. Allmand: It would be a sad situation if it went to a vote now and we did not have enough members here to carry the measure. The hon. member spoke on the bill, and I feel I should make sure that this House is convinced that it is a proper bill. I saw the Parliamentary Secretary to the Minister of Labour (Mr. McNulty) here a moment ago and I appeal to him to convey to the Minister of Labour (Mr. Mackasey)—

Mr. McGrath: He is behind you.

Mr. Allmand: I appeal to the hon. member to convey to the minister the feelings of those who have spoken during this debate, including the hon. member for St. John's East (Mr. McGrath). I hope the government will adopt the suggestions in this bill and incorporate them in a government bill which will perhaps include other types of discrimination which should be covered by the Canada Fair Employment Practices Act.

The other two types of individuals often discriminated against in employment are those who have been in a mental hospital and those who have been in prison. I have recently seen examples of people in all three categories being put out of work in their

middle forties. They all experience extreme difficulty in obtaining employment. If the government does amend this act I hope it will consider these types of individuals who have difficulty finding work.

There are objections which will be raised against this bill and we must deal with them. There are cases in which an employer has justifiable reason for requiring a younger worker. One might say that the wording of bill C-15 does not provide for those cases where an employer may have just cause for refusing an older applicant because the type of employment requires a person of younger years. However, I do not think this is a serious objection or one that could not be overcome. The committee might suggest wording which will deal with that particular problem.

Mr. McGrath: You have two minutes.

Mr. Knowles (Winnipeg North Centre): You are getting older.

Mr. Allmand: One of the reasons many of us in the House are concerned about this bill is that we are all getting older. In the profession in which we are engaged we never know when we will be put out of work. We may all find ourselves in the situation where in our forties, fifties or sixties we are looking for work and are being discriminated against because we are that age. The hon. member for Winnipeg North Centre (Mr. Knowles) suggested I was getting older. He is right. After the next election I will be in the over 40 age group, and I have a personal interest in seeing a bill like this pass.

Mr. McGrath: Thirty seconds.

Mr. Allmand: I do not believe that those on this side of the House are anything but safe, but we have at this time of year great compassion for our colleagues in the opposition.

Mr. McGrath: Fifteen seconds.

Mr. Allmand: There is one other very important point in respect of this bill. In recent weeks we have been discussing the Company of Young Canadians.

Mr. Deputy Speaker: Order, please.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Deputy Speaker: The hour appointed for the consideration of private members' business having expired, I do now leave the chair to resume the same at 8 p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

[*Translation*]

Mr. Corbin: Mr. Speaker, I would just like to conclude the remarks I started to make before the supper hour.

In closing, I should like to say that if the officials of the CNR want to discontinue the passenger train Ocean Limited in order to put it in operation on another line in New Brunswick, they should first take into account the suggestion I wish to make.

[*English*]

I submitted to the Minister of Transport (Mr. Jamieson) and through him to the officials of Canadian National Railways the suggestion that officials of the CNR be impressed with the need, and indeed the necessity, to maintain the Ocean Limited service through Edmundston until there is a regularly scheduled air service to Montreal approved for our area and until the Quebec City to the New Brunswick portion of the Trans-Canada highway is completed. This is simply a proposition. I and the people whom I represent in this House are ready to negotiate with the officials of Canadian National Railways. So far we have not made much progress in this regard, I am sorry to say, with the officials of the CNR.

As a Member of Parliament for Madawaska-Victoria I should like to state emphatically that my vote is not for sale. I do not suggest

that someone is trying to buy my vote, Mr. Speaker; but we are considering Bill C-7 to authorize the provision of moneys for the CNR and to guarantee certain securities to be issued by that company. I am not trying to bribe Canadian National Railways into maintaining a service; I am simply saying that before voting for such a measure I want to make darned sure that the CN will give something in return to my part of the country.

[*Translation*]

And in order to put an end to this part of the debate, I would like to read a letter sent to me on November 18 by the president of the Northwest Area Development Board of the province of New Brunswick—which was established by the citizens of my region—in order to study the problems and get the people to contribute to their solution.

This is what was said by the president of the Northwest Area Development Board Ltd., and I quote:

> The idea of removing the service of the Ocean Limited in northwestern New Brunswick, more precisely Edmundston, St. Leonard, Grand-Sault and Plaster Rock, might discourage the people of the region, and especially the outside manufacturers because of the social and economic development of the counties of Madawaska, Victoria and Carleton on the one hand, and might prejudice greatly the economic interrelations in the north of Maine, in the U.S.A., on the other hand.

—In fact, my riding and all this region of New Brunswick run along the United States. Therefore, there is a lot of rather important commercial exchanges.

I probably left the impression that this letter was addressed to me. In fact, it was addressed to the Minister of Transport (Mr. Jamieson) and I got a copy of it.

The president continues in these words, and I quote:

> The Northwest Area Development Board (N.B.) can hardly understand how this decision fits in with the development program the Department of Regional Economic Expansion has just undertaken in the Maritimes, as far as we are concerned;

Obviously, I wish to point out that the present government is not to blame, but simply a Crown corporation that will not budge.

They even quote a speech given by the Minister of Regional Economic Expansion (Mr. Marchand) to the Institute of Memramcook in New Brunswick on October 25 last:

> The two key elements of that (development) strategy are the capital grants made to industries to attract them to the area, and public service improvement projects.

Mr. Speaker, a passenger train is a public service, and an essential one at that, as I said before consideration of the motion was interrupted.

> The Development Board trusts that before reaching a decision that would neutralize the efforts towards social and economic development made by the people and supported by the Department of Regional Economical Expansion, the authorities concerned will be consulted, and this includes our representatives in Ottawa—

Mr. Speaker, as an elected representative of that area, I hate to say so, but the authorities of the CNR in no way consulted me. I was merely advised of what they intended to do. They did the same with the people I represent, and I regret their attitude very deeply.

[*English*]

Mr. W. M. Howe (Wellington-Grey): Mr. Speaker, a great many members of this House welcome the opportunity that this CNR financing bill, Bill C-7 to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada, gives to discuss one of the important economic factors in our nation. I do not think that any other single factor plays a greater part in respect of the way we live, what we eat, the clothes we wear and the newspapers we read. I refer to transportation, which has a tremendous impact on our lives.

Those of us who over a period of years have had the benefit of a fairly good transportation system probably take for granted many of the services that are provided. However, during a trip as a member of the transport committee to the north shore of Quebec—that part of the country which people have referred to as the land of Cain; an area in which travel is very difficult—I became very concerned that the people there felt like the biblical individual who was cast out into the wilderness.

• (8:10 p.m.)

However, we did find tremendous development going on in that area, in spite of the fact that the people had a feeling of being enclosed and separated from the rest of the world. I believe that before very long adequate transportation facilities will be provided for the area. The question of transportation seems to be on the minds of most of the people there. In fact, on the evening we flew into Labrador city one might have thought we were being mobbed and that a great meeting was being held at the airport. People

were carrying placards which demanded to know why, in view of the $50 million in taxes that had been collected in the area, they did not have better transportation facilities. After we had been there a short while we found that the transportation facilities were far from adequate. It was interesting to see the extent to which company towns are being developed, how well laid out they are and how good are the good facilities provided by the companies, which are doing their utmost to keep the people happy and in good spirits.

However, I come back to the matter we are discussing tonight. Many of the complaints that have been made this year have been caused because both our main railways have indicated that they are going to cut passenger service. I have always felt a great deal of sympathy for the CNR and the CPR in this day and age when so much travelling is done by private motor car and only 15 per cent of the total miles travelled is left to be divided among the air lines, the rail services and the buses in our public transportation system. Not much of the pie is left to the railroads when the private individual does so much travelling in his car.

Nevertheless, there are problems which result from the continued cutting of services by the railroads. This fact was brought to my mind by an article in the Ottawa *Citizen* of November 12, 1969, entitled "Shades of Sir John". The article did not refer in particular to the CNR or the CPR but concentrated on the Algoma Central Railway. The article referred to the fact that when this railroad was being developed, it received certain grants, timber rights and tremendous financial assistance.

This has been the pattern in the development of our railroads in past years. My understanding is that when the railroads were being constructed in Ontario and Quebec and the branch lines about which we are speaking were being developed, railroad officials went from town to town with hat in hand. They were very gentle and kind; they did not make great demands but only indicated that if the community would sign up with them they would be of great assistance to the community.

Communities did sign up with the railroads and made special concessions in the way of property, lands, property tax concessions, assessment concessions, and in some cases outright grants to assist them in the early years of their development. Therefore, I feel

that the railroads have obligations in a great many areas of Canada because of the assistance they were given during the years of their development. As I said, this article refers to the "shades of Sir John."

When I visited the western regions of Canada with the transport committee we discussed whether the CPR rail service that has been in operation for many years, the transcontinental train called the "Dominion", should be taken off. In practically every area to which we went the briefs were very emphatic in listing the number of concessions that had been given to the railroads and the lands and property which had since become so valuable. This is the reason the railroads have an obligation to continue service in these areas, according to the briefs.

The railroads feel it is probably time to re-assess the situation. I believe there are some areas, however, wherein it is necessary for the railroads to continue service. When they finally cut off the passenger service on some of the lines, I wonder how long it will be before the entire railway service will be dispensed with and nothing will be left but railway rights-of-way throughout the country, which are of no great use for anything else because of the gravel and the embankment with which they are built. Not too much can be done with old railway rights-of-way unless the provincial governments decided to make roads out of them.

So the question of rail line abandonment raises many problems that are typical of certain areas. There was a time when the railroads had a monopoly. In those years it was thought that the trucking and bus services would never amount to anything and that people would have to use rail services or else, because there was no other way to travel. However, we found after a few years that the "or else" services became the ones that the people used. I have often felt that in those days the railroads should have become the great transportation media in our nation; they should have taken over the bus and trucking services rather than leaving it until now to do so. We know that practically all the l.c.l. freight throughout Ontario is today being carried by trucks.

This brings me to another question. I have sometimes wondered why it would not be possible for the railways to operate small mobile units such as buses and trucks on their branch lines. In the area in which I live, for instance, both the CNR and the CPR may

have one train going up and one train going down each day, and the rails are not being used for almost 22 or 23 hours a day. I maintain that this is a waste of money and I wonder why the railroads could not take the trucks and buses off the highways, put them on flanged wheels and use them on those rights-of-way to provide trucking and bus services in the area. To my knowledge this has never been tried in Canada. I know it has been tried in some European countries.

In the area in which I live we have a rail-liner service. I believe the rail-liner service should be maintained, because if it is taken off there will be no passenger service of any kind into that part of western Ontario going to the towns of Kincardine, Southampton and Owen Sound. Granted, there are times when those services may not pay, but I do not quite understand how the railways arrive at the figure of $300,000 a year which they say they can save by cutting out the passenger service. This is indicated in some of the articles that I have before me.

• (8:20 p.m.)

Figures in this respect were given to the people a few years ago. I emphasize that there are in this area 250,000 people who need service. The rail-liner has been used for probably 15 years and it is not the most economic means of transportation. Rail-liners need three people to operate them, whereas a bus requires only one person, which would be a great saving in wages for the railroads. We believe the railroad has a lot to answer for in that area because bit by bit it has nibbled away at the service provided. I have yet to be convinced that the railways did not give up the postal service, which was very remunerative to them in years gone by. The mail service was given away by the railroads in that particular area because they did not get revenue from it any more and consequently could not show a profit.

As is indicated in some of the articles that I have here, we feel that this service is most necessary. It should be continued in the area, because it has not developed as quickly as some of the areas just a few miles to the south. A reduction of service in a slow-growth area will not help change its status. As these articles indicate, the railroad should take a second look at this matter before deciding to make any change. In this connection I wish to quote from a letter which appeared in the Palmerston *Observer*, as follows:

The second subject I would like to touch on is the withdrawal of CNR jobs and runs from Palmerston. I understand that the two chain freight gangs from Palmerston to Toronto are now no longer operating, and as a result, eight or ten families are bound to be affected, or displaced. Also, that the IBM car-control system which the CNR spent thousands of dollars recently to instal, is now strongly rumoured to be on the way out.

This is another indication that there will probably be cuts in the CNR service, and yet the CNR spent thousands of dollars installing an IBM car-control system which it will now have to take away. The other matter I would like to mention is the possibility of the establishment of an airport in the vicinity of Malton as an adjunct to Malton Airport. There are areas close to my riding, in the county of Dufferin, which the Department of Transport should examine to see if they might be good areas for a new airport. It would help the development of that region. That area is some distance from the congested region around Malton and Toronto and from the proposed location around the lakeshore. I feel such an examination would be worth while and I hope the Department of Transport will undertake it.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, it is obvious that Bill C-7 has become the vehicle whereby members can discuss the most serious matter of a national transportation policy in general and railway transportation policies in particular. I shall confine myself to speaking of railways. Coming as I do from the city of Vancouver, where four railways have their termini, it will be easily understood that I have a keen interest in the question of railways. We have Canadian National Railway, Canadian Pacific Railway, the Pacific Great Eastern Railway and the Great Northern Railway. Being the termini of four great railroad systems, not only in this country but on this continent, and being a major port of Canada, we are vitally affected not only by the general national transportation policy of Canada but in particular by railway policy, not only as it affects the movement of freight and freight rates but as it affects passenger transportation.

In the main we have to deal with the CNR and the CPR. In considering those two great railroads I know that I express the opinion of hon. members from Vancouver and British Columbia in saying we take it not only for granted but as a commitment by this and previous governments of Canada, and by the CNR and the CPR, to continue a transcontinental system of railroads in respect of both

passengers and freight, and that any diminution of that commitment constitutes a betrayal of Canada in general and of British Columbia in particular.

I would like to deal first with Canadian National Railways. A study of the CNR is most interesting and is well worth the attention of all hon. members. Without going too far back and into all the background, it is interesting to note that until the Capital Revision Act of 1952, 78 individual companies made up the Canadian National system. It was the intention of the royal commission that was appointed some four years before that to try to consolidate these 78 individual companies. As a result of the 1952 act they consolidated them into only 32 companies as at the end of last year.

The Canadian National system is still composed of 32 individual companies, and perhaps this set-up might be a partial cause of the trouble we have in operating a unified system of transportation. I believe the important fact which we should be considering at this time is one to which attention has already been drawn this afternoon by one of my colleagues—that is, that every year without exception we are faced with a bill similar to Bill C-7 which is now before us. Every year we have to pass a bill to meet the deficit of or the interest which is owed by the CNR and we have to pass a bill to guarantee payments on all its debenture issues. Mr. Speaker, I do not believe it is good enough that every year we should have to face this problem. We face it now, and unless real thought is given to the matter I would say that in perpetuity we will be facing the financial problems of the CNR and will have to advance more and more millions of dollars.

• (8:30 p.m.)

Since 1948 a royal commission has not studied Canadian National Railways. The 1948 commission obviously came up with only partial answers, as was shown in the Revision Act of 1952. I believe it is time that another and more detailed look was taken at the financial structure of Canadian National Railways. Consider, in a very brief way, the financial situation. Let us look at the year 1952, because that was the year of the Capital Revision Act. We find that the equity capital of the federal government in the Canadian National Railways was $857,573,774. That was in 1952. Just what it is at the moment, I do not know. I wanted to mention that figure, and that is all I am going to say about the equity capital of the government of Canada in the CNR.

However, I want to mention in more detail what is owed by the CNR to the taxpayers through the medium of the federal government. In 1937 there was a royal commission and its purport was to try to resolve how to wipe out the CNR debt of over $1,500,000. Today, according to the balance sheet as of December 31, 1968, there is a debt maturing on January 1, 1972, of $100,000,000. Then we see advances for government railways and working capital in 1923, $16,983,762; financing and guarantee act, that is temporary loans, $218,573,683; refunding act, 1955, which was called loans for debt redemption, $451,100,000. So as of December 31, after all the royal commissions and after all the capital revision plans, the CNR still owes, outside of the capital equity, $786,657,445.

Mr. Speaker, it is my contention that to have to pass a bill every year covering more and more millions of dollars as loans, to pay interest and guaranteed debentures, is sheer stupidity. It is time we called a halt. We cannot call a halt to the administration of Canadian National Railways, but surely we can have the common sense to realize that this money will never be repaid. In the past the money was never repaid and hundreds of millions of dollars had to be wiped out. We know this money will not be repaid; it is proven by the bills we have to pass every year. Then why keep it on the balance sheet? Why have it on the books simply for bookkeeping purposes?

Why do we not face up to the issue in the way this House did last week when we recognized that we could not collect $122 million from Expo. There was no use keeping that deficit on the books and we wiped it off and forgot it. I think the time has come to do the same with the finances of the CNR. The money has been spent and we will not get it back. Get it off the books, forget it, and say to the CNR, "Boys, now you have had it. Produce, run an efficient operation, borrow the money under your own authority and capitalization, show a profit and return it to the federal government and, therefore, the taxpayers of Canada".

Mr. Speaker, I feel that unless we get down to this approach we are not only fooling the people but we are fooling ourselves. I think one of the biggest mistakes members of parliament can make is not only to kid the people but to kid themselves. I should like to

suggest most strongly that a second, new look be taken at this entire matter to see if we cannot put the CNR on a proper financial basis and get away from dealing with this bill year after year after year, plowing in money that we know we shall not get back.

I should like to proceed from the CNR to the CPR. Here, too, is a most interesting fact, a fascinating study; here is a real study that will show what can be done under private enterprise if it is gone about in the right way with the right friends. The CPR, too, is made up of many companies. May I point out that it was recognized by the pioneers of Canada, before the development of our economy for the population of our country, that we needed a transcontinental railway. Because of that recognition the government, acting under free enterprise, passed legislation which culminated in the first transcontinental railway. But not all of it was the investment of free enterprise; the people of Canada invested millions and millions of dollars. Not only that, but they gave in one grant alone 25 million acres of the finest land in Canada, with all its resources.

I do not have the complete CPR figures at hand, but I have at hand the details of what is now the section of the CPR on Vancouver Island, known as the Esquimalt and Nanaimo Railway. In order to get that railway from Esquimalt to Nanaimo, the government of British Columbia and the government of Canada turned over for nothing, not only hundreds of thousands of dollars—$750,000 to be exact—but also 1,600,000 acres of the finest land of Vancouver Island; and not only the land. Let me read from the contract what the railway was given when it was granted those 1,600,000 acres. It was granted, with the land, "all resources on, thereon and thereunder." These were to include "all coal, coal oil, ores, stones, clay, marble, slate, mine, minerals and substances whatsoever on, thereon and thereunder." The railway was also given, subject to the federal government, the far shore rights; and not only the far shore rights but listen to this—it was given all those things "on, thereon and thereunder on the far shore or under the sea." That is, under the sea adjoining Vancouver Island. Why, sir, were those things given? For what purpose were they given? They were given so that in return we might have a transcontinental railway to carry freight and passengers in perpetuity.

• (8:40 p.m.)

Mr. Knowles (Winnipeg North Centre): Forever.

Mr. Winch: I said, in perpetuity. I say that any move by the CNR or the CPR to renege on the promise of maintaining a national transportation system means they are breaking their contract with the subsequent governments of Canada and the people of Canada. The people, therefore, should foreclose on and take possession of these resources, because the railways are breaking the contract.

Those who operate the CPR are mighty clever, Machiavellian fellows. Under the original terms of these construction grants there was a definite understanding that not only would that railway provide in perpetuity freight and passenger service on a transcontinental basis, but that one set of books was to be kept and that revenues accruing to the railway from the development, utilization and sale of lands and resources would be applied, on the balance sheets, toward the maintenance of the railway. We see this in the speeches of those days, and it is written into the act. But in recent years the CPR has changed all that.

The company wishes to present a different picture to our government; to show only the transportation side of the picture and not the revenue it obtains from resources. That is why, aided and abetted by governments, it has formed a new company, Canadian Pacific Investments Limited, and transferred resources to this new company.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member whose speech is so eloquent and interesting. The hon. member prefaced his remarks with the suggestion that the debate now going on relates to general transportation policy. It is possible that some of the speeches which have been delivered since we began considering the bill would give this impression. Nevertheless, I hope that hon. members will try to relate their speeches in some way to the bill now before the House. I would not think that we should allow the debate to drift in such a way as to give one the impression that there is no relation whatever between speeches of hon. members and the bill now before the House. As I said, the hon. member's comments are most interesting. I hope in due course he will relate them to the legislation now being considered by the House.

Mr. Winch: Mr. Speaker, I understand what Your Honour has just said. May I point out that almost every speaker in this debate has been permitted to speak on broad transportation policy. Some hon. members have even spoken about airports, which I have not touched upon; I have spoken only about railroads. May I also, out of courtesy, suggest that one can hardly discuss a bill relating to the advancing of millions of dollars to one of the railroads without in some way discussing Canadian transportation policy. When speaking about railway policy, I do not see how one can separate Canadian National from Canadian Pacific; nor, when considering a bill for the advancing of money, avoid touching on the entire financial structure as it relates to Canadian National Railways, the railway I have spoken most about. However, sir, since I have always had such great respect for Your Honour, even if I may feel I am being restricted where others have not been, I shall always abide by Your Honour's decision.

Having said in the main what I intended to say, I wish to conclude by repeating my view and my position on this matter. Canadian National and Canadian Pacific were given rights and privileges, in return for which they were to maintain transcontinental railroads for the convenience of freight and passengers. These railways have been most generously assisted by the people and various governments of Canada and we expect them to abide their side of the contract, just as we have lived up to our side of it.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, Bill C-7 which we are now studying is entitled "An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System and Air Canada from the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada."

In the Governor General's recommendation, various sums of money are specified: investment, $201 million; expenditures of $82 million for discharging certain obligations and the signature of contracts not exceeding $113 million. There is also a matter of borrowing $19 million for constructing branch lines. With respect to Air Canada, mention is made of a deal involving $165 million.

[Mr. Speaker.]

I do not wish to juggle with figures any longer than is necessary. Apart from dealing with a dry subject, one runs the risk of making miscalculations which could lead to various interpretations in connection with the matter that I want to discuss concerning the use of the money asked for by transportation companies to be handled according to their capital costs, redemption of stocks and capital revision.

The recommendation seems to cover everything, even the potential inadequacy of reserves and the use of further appropriations of parliament to eventually cover the deficit.

I have nothing against the carriers' action when they want to carry out financial transactions. It is even normal for the management of such vital services to gear their operations according to requirements.

However, I feel it is also normal for representatives of the people, who are called upon to decide whether these recommendations are justified should apprize parliament of the manner in which they want appropriations to be used by authorized carriers.

Before coming to the heart of the matter, I wish to point out that the management of major companies such as the CN and Air Canada calls for a great deal of competence and a deep sense of responsibilities to make the passenger service a profitable undertaking. Air Canada management is in a better position to do that than the CN. As a result of the increasing use of other means of transportation, passenger trains are operating steadily at a loss. The 1961-62 report of the MacPherson Royal Commission on Transportation showed unequivocally how high were the losses sustained. It is however in order that a passenger service be maintained and it is probably one of the reasons which justify grants from the government when it sees fits.

For doubtful reasons or because of the intricacies of administrative problems in an undertaking showing a deficit, the president's salary has been set at $75,000 per annum. I point this out without malice aforethought simply to prove that officialdom takes good care of its own.

• (8:50 p.m.)

I shall indicate later that the distribution of jobs and wages of employees is dependent upon the principle of protecting the strong against the weak.

Considering it is recommended to invest in affiliated companies, this gives me the oppor-

tunity to tell the house that a rather big percentage of employees directly interested in investments have helped to create and increase a pension fund in order to ensure their security and that of their family when they retire.

As a result of the establishment of the Canada Pension Plan and of the Quebec Pension Plan, there were problems about portability which greatly worried Canadian Railways employees. Workers have always required, and rightly so, that the Canada Pension Plan be added to the pension plans of railway workers. Those plans, in operation for more than 35 years, have become a *sine qua non* condition for those who apply for jobs in a railway company. It should be noted that the pension plan is never a part of the contractual agreement between the employee and the employer. I believe the government should guarantee the rights of employees who were contributing to those pension plans when the government alone became effective.

I would like to discuss another important problem, that of railway crossings. The increasing number of accidents at railway crossings has become a matter of concern.

I know that it has been pointed out many times to government authorities, but unfortunately, they dilly-dally when decisions must be taken. The administrative machinery of bureaucracy gets into action only when an inquiry into serious accidents is called for.

For the past 50 years or so, a federal organization has a fund at its disposal, in order to build viaducts and eliminate railway crossings.

Statistics show that for the last 15 years accidents at railway crossings have caused 2,694 fatalities, 617 of them in Quebec. While accidents increase sharply, bureaucrats try to explain that they cannot do more under section 5 and section 265(2) of the Railway Act, as funds for construction or repairs were set in 1958. It is obvious that construction costs have increased since then, as the 11 per cent tax on building materials was not in force at that time.

The act should take into account priorities relating to the elimination of railway crossings. In the Saint-Éleuthère (Kamouraska) region that I represent, there are two very dangerous railway crossings.

In addition to the travelling public, two school-buses are daily exposed to serious accidents. Automatic signals have never been installed.

The government has already made, through the Transport Commission, a survey of the physical particularities of all the grade crossings in Canada. Since this information has been available for some time, what are we waiting for to install protective devices, manual or automatic, at all grade crossings which, in the opinion of the Commission, are dangerous?

It is time for the government to think of increasing the statutory grant under the grade crossing vote. Then we would be giving work to the unemployed while contributing to the protection and safety of the railroad employees and of the travelling public.

At the beginning of my speech I referred to the allocation of work and to salaries. Now I shall give some examples of what is, in my view, an irregular situation.

During the negotiations it seems impossible to agree on how to change the practice of percentage salary adjustments from which it follows that those who earn less than $5,000 or $6,000 a year get small salary increases compared to those who earn $6,000 or more. All groups of wage earners deserve increases when the collective agreements are renewed, but the distribution of the benefits should be better balanced. The steady increase in the cost of living affects the worker who earns $5,000 as much if not more than the worker who earns $8,000 or $10,000 a year. I think it is not necessary to be a graduate in industrial relations to understand that.

Even if the CNR management decides to hire highly-paid personnel to carry out all sorts of investigations in order to determine where and in what crews lay-offs can be made, this does not improve the situation of the employees, but it does reduce the efficiency of the maintenance department and, in conquence, derailments become more frequent and often, administrative expenses increase.

• (9:00 p.m.)

We notice that the number of employees affected to the maintenance of one section of 40 or 75 miles is reduced to two or three with one superintendant and his assistant, the roadmaster, therefore two men work and two write reports. In addition, the management of the Canadian National Railways uses a fleet of trucks for track maintenance. How can workers in charge of detecting defects in the railroad tracks do while riding a truck? I do not want to delay the passage of this bill but

I think that it is in order to indicate the bad effects of the bureaucracy entrenched in the CNR management.

And I might go on quoting examples of blunders made by some bureaucrats who know nothing about railroad track maintenance, who are comfortably settled and well paid, occupying offices in a company showing a deficit and giving orders often contrary to common sense.

Here is a typical example of existing abnormalities. In the Central Station building in Montreal, there are two CNR offices known as the Rideau Area and the Champlain Area. In one of them maintenance and construction employees earn $2.34 per hour and in the other only $1.97 per hour. Furthermore, in the latter case, employees are paid at a lower rate for a trial period of 78 days, whereas for the former, the initial wages are $2.15 an hour. They all accomplish the same work, but some come from Ontario and the others are Quebec residents.

The foremen work 40 hours a week and they are paid time and a half for overtime. The ordinary workers work 60 hours a week at the regular rate. This shows the inconceivable injustice to be laid at the door of well paid administration officers and which is a cause of friction among employees.

We must not forget that we have supported in the House a regulation asking the railway employees to return to work after a strike. We must admit that it is in order for us to look as closely as possible into the working conditions of those who have been compelled by law to return to work.

Before closing my remarks, I should like to point out to the House the housing and security conditions of these employees. They travel from their living quarters to their working stations in trucks where are assembled all kinds of tools, and they are always exposed to accidents. Those who work as mechanical shovel operators are often without the services of a helper. Employees have to sleep in double deckers and suffer all the inconveniences that these involve.

We are advised that the company has launched a vast program to improve employees' living quarters. Cars now used for this purpose will be replaced by trailers, which proves that we are right in deploring the existing conditions.

But in the meantime the company continues to use these 1910 model sleeping cars for its employees. And the administration does not see too much inconvenience in it since such accommodations have been approved by the Minister of National Health and Welfare. This shows again the preference given to the big to the detriment of the small.

I would like to have more time at my disposal to indicate a number of facts that prove the good will of some regional directors. There are, unfortunately, too many things to deal with, such as passenger service improvements, job security, automation implications, the clarification of many problems resulting from salary adjustments, special compensations—they sometimes happen—freight, and the competition between the various means of transport. Nevertheless, I would like to make what is, in my opinion, a practical suggestion.

Since CNR employees are, on the whole, very able and experienced, I venture to make a suggestion to the people in charge. Why, when changes are needed in the railway timetable, should we not seek the advice of a certain number of train conductors from various areas instead of taking only into account the reports made by the bureaucrats who more often than not prefer to use their car when the railway timetable does not suit them.

I am sure that the changes suggested by the personnel responsible for conducting the trains would be in the best interest of the passengers. This in turn would result in making the services more profitable.

In 1967, the year of Expo in Montreal, we had to abide by an irrelevant decision. During a full year, the passengers from Campbellton to Montreal had to cope with a transfer at Chambly.

I brought to the attention of the C.N.R. officials more than 25 requests for some change to be made. It took over a year of urging before they were finally granted. I am sure that those who made those decisions today acknowledge their mistake. If the employees had been consulted, I am convinced that could have been avoided.

I believe I have dealt with some vital points which show that a full investigation should be conducted in the various administrative services of the CNR. Apart from showing that the workers' complaints are justified, it would help to clarify a situation that is confused at times, and give the whole team of workers, who have heavy responsibilities sometimes, the encouragement they are entitled to from a company such as the Canadian National Railways.

As regards Air Canada's management, even if I do not travel very often by plane, I should like to point out that this corporation will have to be on the alert as far as the security of passengers is concerned, so as to prevent those who would be too anxious to go to Cuba from forcing pilots to change their flight plan. As a matter of fact, there are in Canada a few members of the Company of Young Canadians who have kept in touch with people in that country. Some means will have to be devised to identify them when they make their reservations.

[*English*]

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, on this occasion I have a few grievances that I should like to put before the House, and they concern branch line abandonment and railway gaps. I have raised this matter several times previously and placed it on *Hansard*. I should like to refer in particular to a 38 mile gap in the branch line from Frenchmans Butte to Heinsburg, Alberta.

I have raised the matter so often that I am sure most of the older members could retell the story from memory. However, while everyone appears to agree that this is one railway gap that should have been filled-in many years ago, I have been unable to get any co-operation from either the Department of Transport or Canadian National. The area in question is great mixed-farming country, and there are also mineral resources. There is a natural barrier to the south in the North Saskatchewan River.

Last spring I thought I was away to a fresh start with a new minister. I immediately got in touch with the minister's office and tried to arrange an appointment with the minister, but I am still waiting. I think this delay is unjustified because a vast area of my constituency is adversely affected by the gap in this line.

The CNR was granted a charter many years ago and should have been compelled to fulfil its obligations under the charter. Farmers moved into this area and developed some fine farms and homesteads. A great many of these farmers have now almost given up hope. However, I have not. I can see no reason for not completing this branch line. There is talk of removing some of this line that has been constructed, and if that is true the hopes of the people in the area will be destroyed. I cannot for the life of me understand how Canadian National can expect the line to pay if it is not completed. Many of Canadian National's undertakings have been run at a loss in the past. Had this gap been filled it would have meant a great deal to these people in northwestern Saskatchewan and northeastern Alberta. This would have given us a direct line to Fort McMurray in the great Athabasca region. It would have provided a direct line all the way from Winnipeg, without the necessity of this long detour. It would also have served all the points along the line through the use of branch lines, right through Saskatoon to North Battleford and Frenchmans Butte. It could also have served Prince Albert, Spiritwood, Medstead and St. Wallburg. Had this 38 mile gap been completed it would have made a tremendous difference.

• (9:10 p.m.)

The other point I wish to make relates to duplication of services. I cannot understand why the management of the CN and CP could not have put their heads together and done something about these duplications. I do not understand why, when the CNR pioneered that part of the country, the CPR had to come in and obtain running rights on Canadian National—over 65 miles in one place—and spoil things. Apparently they did so in order to reap the benefits from the Meadow Lake area. The CPR should have been compelled to continue through to Goodsoil and Pierceland. I cannot understand why two companies such as these could not lay their cards on the table and avoid duplication. Surely these two companies could have got down to business and given these people the service they deserve, and at the same time put their own businesses on a better basis. Before putting forward my second grievance let me say that I hope something will be done about these gaps in service, because people in the area have grown old waiting for action.

My second point relates to the unjust treatment shown to Great Slave Lake contractors. This treatment is the worst I have seen from any group of people in what is supposed to be a democratic country. Having been a contractor, I know something about the grievances of these people. They have faced financial difficulties and in some cases have been completely put out of business. Many of them have lost their livelihoods, yet they have not been given a proper hearing. That is all they wanted. They have been coming to Ottawa for four or five years asking for a hearing.

I was a member of the transport committee last spring and recall that one of the last

things done by that committee was the holding of hearings in respect of the problems of some of these people. One might have expected that something would be done for them rather than allowing the matter to drop at the end of last session. There is no indication whether they will be heard again. To my knowledge not one single thing has been done for them. Let me read from page 2399 of the Minutes of Proceedings and Evidence of the Committee on Transport and Communications, volume 28. The hon. member for Crowfoot (Mr. Horner) asked:

> I want to make my question clear to Mr. Allen. Are you only asking that this committee recommend to the Governor in Council that an inquiry should be set up? Maybe to Mr. Mahoney's surprise, the Railway Act sets out clearly that an inquiry can be held.

In fairness to these people, I know they wanted a hearing. A great deal of controversial evidence was presented. Let me quote again from the minutes of that meeting, page 2398. Mr. Horner said in part:

> It appears pretty obvious to me that the CNR abused and put you under extra duress for no real reason, because they finished out $11 million ahead of their original estimate and 18 months on time.

Surely when people are treated in that fashion they are entitled to a public hearing. Many of them have been put out of business. As a result of being a contractor I noticed particularly some of the controversial evidence given to the committee. Let me refer to another situation. This is covered in a letter from the lawyer representing certain contractors. One paragraph of the letter reads:

> Another point with respect to which some comment should be made is the comment by Mr. Cox that Lucus was not instructed to place his camp at Mile 83 as Lucus states and was not refused the privilege of working from Mile 110 to Mile 120 as Lucus states.

Mr. Lucus on a number of occasions drew my attention to the fact that under the engineer's instruction he was forced to start on the contract at the specified point, but could not do so because of wet weather; the weather made it absolutely impossible for him to do anything with the high-priced equipment he had at the site. He was refused permission to move 10 miles to different terrain where there was heavy yardage and where his equipment could have been moved along with its high-priced men. The contractor could then have got on with the job.

I realize there is a conflict as a result of this controversial evidence, but Mr. Lucus said he was forced by the engineer to stay at the original camp. The engineer claims he did not refuse permission to move. I should like to know who issued these orders. I am familiar with the Lucus construction company and I know it would have moved its equipment and men to the spot where they could have moved earth. This is one of the most unjust things I have ever heard, particularly when the companies are not given a proper public hearing.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to refer to this financing bill. Let me say a few words about what we should reasonably expect from the CNR if we are to continue to support it with public funds. One thing that concerns the people in my constituency as well as those to the east and west of it is the proposal to remove entirely or cut down on passenger train service.

I have received letters and representations from people who work on the railroad and live in areas which are served by the main line of the CNR. They are very much concerned about the service and the fact that service to their communities will be cut down. Many of these letters were written by people who make their living working for the CNR. They have informed me that there has been a lay-off of about 20 per cent in some communities as a result of poor grain sales and the slow movement of grain.

• (9:20 p.m.)

I suppose the movement of potash might be another factor. I believe there are two things which should be considered in this regard. The first is the welfare of those people who are employed by the CNR. The other of course is the welfare of those who use the facilities of the CNR. If a privately-owned and operated company in the province of Quebec or the province of Ontario proposed to lay off a similar number of employees, questions would be asked in this House. Not too long ago questions were asked in this House concerning companies which proposed to close down or restrict their operations and lay off men. I believe a publicly-owned concern should be just as responsible in respect of the men it employs as a privately-owned concern.

One person who wrote me advised there have been times very recently when the passenger train service which is to be discontinued was unable to handle the number of people who desired to use it. I have been informed

there have been many occasions when passengers who sought accommodation in terms of sleeping berths, and so on, were unable to obtain it.

I think we should be concerned about the type of service that is available, because if passengers are turned away or are unable to obtain the service they need, I suppose the traffic on these passenger trains will decline. I think we should also consider the type of people who use these trains. Many of them are old age pensioners, people who travel with children and people who do not wish to incur the expense of air travel. Travel by train gives them a more comfortable and a more economic service. I think we might very well consider further use of both train travel and air travel as Canada expands. This would probably be more economical than the expansion of airports and increasing other air facilities.

We must also face the situation in respect of rail line abandonment on the prairies. I am not one of those who say that every branch line in the prairies should remain in service. People who live there know that there can be some modification. They plead, however, for a rational approach to this problem so that large and significant areas are not denuded of branch lines while other areas, due to competitive factors, have more lines than are needed.

When we discuss the financing of the railroad I think it is proper to take into consideration the type of service the railroad should give, because we own the railway the purpose of which is to not only make a profit but to provide the type of service needed in the area served. Within the past year I have been concerned about the abandonment of railway stations and the removal of agents from those stations, as well as the effect this has on the community. I have been interested in this matter especially because in some instances the people living in the areas have written to me as a Member of Parliament pointing out that they no longer have the services they need, or stating that the services have declined.

I should like to mention the situation in the village of Ruddell. Under the rules and regulations of the Canadian Transport Commission, the CNR was permitted to remove the agent. Then the CNR did not take the action necessary to look after the handling of the freight that was arriving at the village on their own trucks. I received a letter from the clerk of the village in which he pointed out that freight was being dumped on the streets. I read the letter:

Dear Sir:

The village council saw a notice on the station door regarding application to remove the station building without replacement.

The council held their regular meeting on March 4. A motion was passed that they object to the station being removed.

At the present time the railway trucks dump all the express and freight on the street in front of the post office.

The council is of the opinion that if the station is removed there should be a replacement. It is not fair to the public to have their express and freight put on the street when there is a place to have this put under cover.

Mr. Speaker, I contacted the Hon. J. W. Pickersgill and officials of the Canadian Transport Commission. I believe it was four or five months before the CNR was convinced it was essential to have a proper service with which to take care of the express items coming into that village. At one point they said some of the express goods arriving at the village were being looked after by the postmaster and that the heavy express office was in a town 10 or 15 miles away. I wonder what the citizens of Ottawa would say if they were told their light express could be picked up at a certain point in Ottawa but that the heavier freight would be over in Hull, and some time when they had nothing better to do they could go over to Hull and pick it up.

• (9:30 p.m.)

I am quite prepared to admit that this town did not have as many people in it as does Ottawa or, for example, as does Pembroke, Ontario. But the people in that small town, like the people in Pembroke, Ontario, or in Ottawa, must have essential services. You cannot turn all western Canada into a desert where no transportation service is provided. Fortunately, the Canadian Transport Commission followed up this matter and eventually said to the railroad, "You have to provide a facility in the town that will be adequate to take care of the express and the freight which you haul in." A small building is now provided for that purpose. But I wonder how many towns there are in which people do not get their rights because they do not know what they are. I can only say to the House that in these changing times we know that everything will not remain the same.

Every little station in these small towns will not continue to serve them, nor will it have a stationmaster to look after it. One would think that the prime objective of the

two railroads would be to see that when changes are made, an adequate service is provided for the people in the area. They should not be asked to drive ten miles down the road to pick up their incoming freight or express which is lying in the street in front of the post office. The case was thoroughly investigated, and this was the report that was made.

Apart from being concerned with financing the CNR, this House should also be concerned about the service which the CNR provides for people in all parts of the country. If a particular service is to be discontinued, we should consider whether the alternative that presents itself in terms of road traffic or road transport is in a real sense more economical and more efficient. This is the real question that needs to be asked.

I am also concerned about the fact that you cannot simply apply a cost yardstick on the "X" number of miles of railroad in deciding whether a service is to be discontinued. This will not give you the complete answer for the area until you consider the alternatives. When one thinks of the town which I described, the total cost which had to be figured out was based on whether it would be cheaper to leave the railroad station there and keep an agent in it, whether it would be cheaper to close the station, dismiss the agent and provide the necessary facility in the town for the local freight or express that came in and pay someone in the town the necessary number of dollars to look after it.

If the second alternative was the better and cheaper of the two, it would be difficult to quarrel with it and it would be the logical thing to do. But it is not logical to discontinue a service which a community needs and then say to the community, "That is your tough luck. Perhaps the next generation will not be here, anyway, and you can slug it out as you like."

These are the main things I wanted to say this evening on the bill. I hope that we will approach railway transportation in a rational fashion, in terms of a service to the total community, which is Canada, and to the many smaller communities that make up our country. If we do that, I think we can have a service that will give us what we need.

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, it is not my wish nor my intention to unduly delay this very important bill that is before the House of Commons, but my constituents would not forgive me if I failed to take this opportunity to bring to the attention of the House a problem which is pressing and urgent to those who are directly involved and who will be affected by the recent proposal made by the CNR in northern Ontario.

I wish to comment briefly on the question and the problem of run-throughs by the CNR, more properly called extended crew-runs. Some hon. members will recall that this question was a national issue in 1964 at which time it caused almost 3,000 operating employees of the CNR to book off sick, having fallen victim to some unknown malady. In other words, the company at that time was faced with a wildcat strike. This strike led to the Freedman industrial inquiry into the question of run-throughs. Today Canadian National Railways are once again proposing to run through the home terminal of Nakina, which was one of the main communities in this controversy five years ago. At the present time, the company is attempting to get agreement from the brotherhoods for this run-through.

This will be the first time that the company has in fact run through a home terminal, as opposed to a turn-around point. There is a very significant difference between those two types of communities, because in a home terminal people have put down roots and established themselves. They look to a future in which they will bring up their children; they build schools and hospital services are prouded. Transportation and other facilities are provided for them at great expense by the federal and provincial governments. There is the threat of all this being wiped out by the announcement of the CNR that crews will no longer be located there; that they will have extended crew-runs. The very existence of this community is threatened.

The House should be reminded that the community of Nakina is in fact a child of the CNR; the railway created the town 45 years ago. Now they wish to desert this child and divest themselves of the responsibility for what will happen not only to the employees of the railroad but to the inhabitants of the community in which the railway has become an important industry. How is this major decision announced to the people? An ominous red and white announcement is posted at a central place in the town. We are told:

• (9:40 p.m.)

The company has moved to begin discussions with its operating union on the effect of extending train crew-runs at Nakina—

On September 15 the company met in Toronto with representatives of its running trades. A major purpose of the meeting was to discuss the need for improved resthouse facilities between Hornepayne and Sioux Lookout. The company noted it could hardly decide on a new location for new resthouse facilities while the problem of extending crew-runs remained unresolved.

The company indicated that as it wished to locate the new resthouse facilities at Armstrong it would like to commence negotiations for extended runs between Hornepayne and Armstrong at Nakina with Hornepayne as home terminal.

With that little announcement, the people are told that their community will be destroyed. So they turn to their Member of Parliament and they plead that he do something to help save their town. As their Member of Parliament, I visited the community and saw almost all the people in the town, which comprises some 600 people. Every man, woman and child expressed the same opinion, that they do not want to move out of Nakina under any circumstances, regardless of the compensation they may receive for their houses.

They say, "Do something to help save our town." So one turns to the Minister of Transport (Mr. Jamieson) and he says, "Nothing can be done. It is a matter for the Canadian Transport Commission." The Canadian Transport Commission says, "Don't turn to us. Look to the brotherhoods; they are the ones negotiating with the company for this extended crew-run." Then the brotherhoods say, "There is nothing we can do because it is in our contract that we must negotiate with the company for material changes. You had better turn to the management of the company." The management then says, "We have to be efficient. We have to save money in order to have a better operation." The management provides a few figures and it is difficult for us to test their validity. Management claims it will save approximately $100,000 a year and about ten minutes in time. In order to save $100,000 a year and save ten minutes in time they want to destroy a town in which millions of dollars have been invested. That seems to be inefficient, a poor example of economy.

The community have looked very carefully at the problem and they have made it abundantly clear to me that they are not a reactionary group of people who want to stand in the way of technological progress. They have said so in letter after letter. They have said, "We are not against technological change. We are just against the manner in which it is being introduced. We want the CNR to make their technological changes in a way that will least affect people in the place in which they live and work."

As I have said, they looked carefully at the problem themselves and they have an alternate proposal which I will pass along to the House. But how seriously has their proposal been considered by the CNR? The company has been asked to come to the town to meet with the citizens' committee to explain very carefully what is involved and why they have taken this stand. We are unable to get these people to come and explain clearly and unequivocally how they will benefit northern Ontario by saving a few hundred thousand dollars and destroying a community.

Let us take just a moment and consider the cost to the community. With the extended run-through, $560,000 in wages will be lost; some 48 homes will be vacated; some 25 per cent of the tax revenue will be gone; the nearby Geraldton District High School will stand to lose about $28,000 a year in provincial grants when the 26 pupils from Nakina transfer out of it. In 1960 the provincial government authorized the Improvement District of Nakina to build a new three-roomed addition to the public school worth $70,000. Fully modern educational facilities for children from kindergarten to grade 8 are provided by annual provincial grants totalling $47,700. A run-through will reduce the school to two rooms leaving the remaining facilities standing empty and useless. The Nakina separate school, which now employs two teachers, will drop 40 per cent of its enrolment and only one teacher would be needed.

There are many CNR pensioners and widows living in the community, most of whom own homes. The increase in taxes will be far beyond their means. Some will be unable to sell, because who wants to invest in a community that is on the decline? Businessmen in the area will be affected by a 45 per cent drop in volume, which will result in staff reductions and the closing of small businesses. Until 1964 Nakina was a going concern. The province had invested huge sums of money with which to open up the town. Highway 584 was constructed to connect with highway 11, 42 miles away—a very expensive undertaking for the province. Ontario Hydro constructed a pole line into the town in 1958. Through federal and provincial assistance the new Geraldton District Hospital was built to serve the area. The population of Nakina, which in 1964 was 763, is now 600.

Then in 1964 the CNR made its drastic announcement of a run-through. From that point the trend has been downhill for Nakina. In 1966 the Indian Affairs offices were moved out, reducing the work force by five. In 1968, the Department of Transport weather station was moved out, taking another five employees. Now, once again, the dark shadow of the CNR looms over the community. The company has decided that new rest-house facilities at Armstrong are more important than the town of Nakina, and they claim that this run-through will save an annual sum of about $100,000.

As I say, Mr. Speaker, the people of Nakina have looked at the problem very carefully and they feel that there is another possibility which can save their town and at the same time allow the railway to save the money to which it refers. They propose that a run-through at Armstrong would provide the same saving. Armstrong has a population of 400. Instead of being a home terminal, it is a turnaround point. In Armstrong only 11 employees would be affected. None of these are running crew but rather ticket, express, fuelling and bunkhouse staff. Only four of them own homes in the town. Moreover, it is highly unlikely that any of these people would have to move. As can be easily seen, a run-through of Armstrong would have a minimal effect on the town and could be effected at a fraction of the cost that would be suffered by the community of Nakina.

If the run-through of Nakina becomes an actuality, all the revenue that the province has invested in the town becomes wasted expenditure. Moreover, the province will probably be faced with even larger expenditures in the form of welfare payments for those citizens who are left without any visible means of support. The future of Nakina must also be considered. It has great iron ore potential nearby, and in a very few short years when these deposits are developed it will once again become a major community and the railway will once again seek to serve the town and will have to re-establish facilities there. We are really asking the railway management to be a little futuristic, to look at the potential of the area and not to think about saving a few dollars just at this moment.

I mentioned the alternative proposal of running through Armstrong instead of Nakina, because at Armstrong there would be minimal disruption of business. This proposal was made by the CNR in 1963. On February 5 of that year at the call of Mr. Gonder, then vice-president of the prairie region of the CNR, a meeting was held in Winnipeg. It was attended by officers of the company as well as by representatives of three Brotherhoods. The purpose of the meeting was to give the brotherhoods notice of the company's intention to institute a series of run-throughs, commencing with the spring change of timetable. These run-throughs were to be—I mention only one—from Nakina to Sioux Lookout through Armstrong.

Repeatedly we have asked the management to come to Nakina and to explain why they cannot accept this very realistic alternate proposal made to them by the citizens' committee of the town. All we can learn is that a feasibility study has been made which shows it is better to run-through Nakina than Armstrong. We would like to see this feasibility study and examine it on our own to see whether in fact we can agree with its conclusions. We are asking that the company seriously consider this community; we ask that they have good public relations. Mr. Justice Freedman, in his report, with much wisdom made this statement:

• (9:50 p.m.)

> The nation's resources at both the federal and provincial level must be wisely used in measures to reduce to a minimum the disruptive effect on men and communities of the technological change.

I suggest to this House, Mr. Speaker, that Canadian National Railways has not acted in the best interests of the town of Nakina. I suggest that their public relations have not been such as to assure the people that their interests are being seriously considered.

Looking for a life-line, desperate to find someone to assist in preventing this run-through until possible alternative means of development or employment can be found for the town, I turned to the Minister of Municipal Affairs for the Province of Ontario. I asked if he would have his department undertake a study, which would not take very long but which would reveal how much money would be lost and how much the taxpayers of Ontario would have to bear for this so-called efficiency move, this so-called economy measure by Canadian National Railways. If the minister will co-operate in this regard, I believe that the figures will be revealing and shocking, showing that in order for the CNR to save a small amount of money, millions of dollars will have to be spent by the taxpayers of the province; an entire community will

be disrupted, people dislocated, and the appeals of men, women and children who live there will not be taken into account to any extent whatsoever.

I bring this matter to the attention of the House because when Parliament did not take it seriously five years ago a serious national situation developed. The people of Nakina are now so desperate to save their town that I know they want to take strong measures, but I have pleaded with them not to do anything rash. I have said to them, "We must use all the channels of communication available to us in the hope that someone will listen and reconsider this move that is neither efficient nor economic.

Mr. Speaker, this has been the time for me to bring this serious matter to the attention of the House. I thank you for your patience. I do not intend to delay this bill to any extent, but I think you will sense the urgency felt by this community of people in my constituency. Like a great many small communities, they feel they have no voice. A Member of Parliament sometimes wonders what he does, living and working in this great, gothic structure; but he is more than someone who just fills up a space—he has to be a voice for those people who have no voice, and he has to represent the people who put him here.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I have listened with a great deal of interest to the many problems that have been related to the House by members from across Canada. When listening to the presentations, and the last one was so well stated by the hon. member for Thunder Bay (Mr. Penner), we realize just what the problems are and how little attention the Department of Transport and the powers-that-be sometimes give to them.

Some hon. Members: Hear, hear.

Mr. Rynard: The lack of attention paid to the problems across this land has been referred to over and over again today. I realize that there are many important implications in Bill C-7, but I intend to confine myself to the province of Ontario which I probably know best. The province contains approximately one-third of the people in the Dominion of Canada, and the particular area that I come from, Thunder Bay to Lake Ontario, within a 100-mile area of the city of Toronto, contains roughly half the population of the whole province, 3½ million people. This is the most densely populated area of the province and from it comes one-third of the income tax collected by the federal government. This emphasizes the importance of the area and the density of the population.

Networks of railroads and highways proceed from it and fan out in various directions. In my area are railway lines and Highway 400 and Highway 27 which all go to the north from Toronto. In that area, Mr. Speaker, well over one million people travel to work every morning and night, most of them by motor car, some carrying one or two people and some four but all spewing out their poisonous gases as they travel along the highway.

Mr. Speaker, may I call it ten o'clock?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, in view of the fact that there is only a limited number of speakers left on the list, I wonder if we might not not see the clock and continue debate to dispose of second reading this evening. I wonder if the House would make an order to that effect.

Some hon. Members: Agreed.

Some hon. Members: Ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

NATIONAL DEFENCE—FUTURE STRUCTURE OF MILITIA FORCES

Hon. J. A. MacLean (Malpeque): Mr. Speaker, on November 21, I asked the Minister of National Defence (Mr. Cadieux) if he could assure the House and the country that the proposed reductions in the reserve military forces of Canada would not be as severe as was first contemplated. While the minister's answer was reassuring, it nevertheless remains evident that up to that time at least strength of the reserve forces of Canada, presumably as an economy measure.
there was contemplated a reduction in the

I would hope and expect that the Department of National Defence and the minister would listen very carefully to men who have made a lifetime study of this problem and are conversant with it. In light of the fact that man for man reserve forces cost approximately only one-sixteenth as much as the equivalent strength of permanent military forces, I would hope that consideration to reduce the

reserve forces might be abandoned even at this time of strict economy.

When the regular forces are being reduced as an economy measure is the time, I believe, that the reserve forces should be maintained if not increased in strength. It is true that over the last number of years the "forces in being" concept has been very popular. I think it is recognized generally by all military experts that in this day and age of sophisticated military weapons, communications systems, and so on, it is necessary to have highly trained, professional, military people. Nevertheless, we should not go from that fact to the conclusion that reserve forces are now obsolete. There is still a very important place for the reserves.

• (10:00 p.m.)

I believe the present strength of our military reserves is at an absolute minimum. The reserve forces are capable of providing trained personnel for the reinforcement of our regular forces and serve as a channel through which young men may, if they so decide, become professional soldiers and join our permanent forces. The reserve forces may also be instrumental in providing trained subunits to support our armed forces in times of emergency. Most important, our reserve forces are most important as instruments of aid to civilian authorities and may be used in times of national disaster or to maintain law and order when police forces alone cannot do so, especially when violence breaks out in our major cities. I think it is appropriate for us to consider the necessity of carrying out domestic peacekeeping when necessary and not to consider our peacekeeping role as being confined to places like the Middle East and Cyprus.

It is very important for us to remember that the reserve forces provide a much needed opportunity for our young men to serve our country. The man who gives of his time in this way is twice as good a citizen because of it. The reserve forces provide an outlet for the loyalties and energies of those who wish to be ready to serve their country in times of national emergency. Also, the reserve forces bridge the gap, now dangerously wide, between the professional soldier and the civilian. This gap has grown wider in the last few years.

Our reserve forces symbolize our history and the unselfish service that has been given to our country. They are the symbols of the determination of our fathers and grandfathers

[Mr. MacLean.]

to preserve our way of life. I think it would be especially sad if units like the 48th Highlanders and the Toronto Scottish, those militia units of excellence, were to be phased out.

Considering the current social pressures and widespread acts of violence on this continent which were touched on by the Prime Minister (Mr. Trudeau), a vigorous program to revitalize and restore local militia units across Canada should be embarked upon. This new militia program should seek to rehabilitate and strengthen our traditional local units which have historic claims on public support and respect. The program should include imaginative training which would have a special appeal to young men between the ages of 18 and 30, and should be similar to that now being undertaken in Australia. Reserve training for our young men would develop discipline and the concept of service to one's country, and would altogether help to develop in our young men the ability and desire to be better citizens.

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I welcome the views of the hon. member for Malpeque on the importance and value of the reserve forces and I, personally, respect his judgment. I am also fully appreciative of the contribution which the reserve forces have made in the past and continue to make today in the development of Canada.

As part of the over-all examination of Canada's defence forces which we have been conducting in the Department of National Defence, it is natural that the future role and composition of the reserve forces would be studied. In doing this, many factors are being considered, including the role assigned by the government to the regular forces and the types of emergencies which these forces may be called upon to meet; the extent to which reliance must be placed upon the reserves in achieving this role; the time required to bring the reserves to a state of training proficiency necessary to meet the emergency; the ability and capability of the regular force to train the reserves; and last but by no means least, the strength, training proficiency and cost effectiveness of present units of the reserves. Our aim—and I am sure this will reassure the hon. member—is an effective reserve force, trained and capable of assuming its assigned tasks.

Our plans, which are being formulated in full co-operation with the Conference of Defence Associations as representatives of the reserves, are well advanced and I hope the minister will be in a position to announce details in December.

Motion agreed to and the House adjourned at 10.08 p.m.

HOUSE OF COMMONS

Wednesday, December 3, 1969

The House met at 2 p.m.

PRIVILEGE

MR. NOWLAN—STATEMENTS TO NEWSPAPER COLUMNIST BY MARC LALONDE RESPECTING CYC

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise on a question of privilege regarding a newspaper report yesterday in the Toronto *Telegram* based on an interview between Mr. Douglas Fisher, a part-time columnist, and Marc Lalonde, a full-time public servant. The subject matter of the interview was the operation of the Company of Young Canadians.

I believe this point involves the privileges of members of this House and, more specifically, the workings of the committee of the House which is studying this very subject matter. At one time it was requested that the list of witnesses include the said Marc Lalonde and that he appear before the committee in his capacity at that time as Vice-Chairman of the Provisional Council of the Company of Young Canadians. He happened also to be in the Prime Minister's office then. Some members thought his evidence would not be too relevant, and as the result of a motion that was passed, with some division of opinion, his name was struck off the list of witnesses and the said Marc Lalonde did not appear before the committee.

After a quick perusal of the article of which I gave you notice, Mr. Speaker, I find it sets out in very clear detail, in the question and answer form followed by Mr. Fisher and Mr. Lalonde, a number of comments on specific points which relate directly to the subject matter the Standing Committee on Broadcasting, Films and Assistance to the Arts has been studying. These comments also relate to the report of that committee which is at present being drafted and has been leaked to the press piecemeal yesterday and today, and perhaps again tomorrow.

It is very clear in the latter part of the article that Mr. Lalonde made certain statements which are in conflict with a good deal of the evidence presented to the committee. In view of the fact that this committee of the House is supposed to bring forward a report on Friday based on the facts, it is only proper and reasonable that the said Marc Lalonde, having conversed with this newspaper columnist, should appear before the committee in order that it may clarify the implications in his remarks. The committee is supposed to make judgments and decisions based on the facts.

Perhaps questions of privilege are abused. I do not point to any particular rule that justifies my remarks today, but I think it is passing strange that a part-time journalist should get together with a full-time public servant to discuss a subject matter which a committee is currently considering. For that reason and that reason alone I feel there is an elementary question of privilege.

Because of our rules and because the committee is now sitting in camera writing its report, perhaps Your Honour, as the number one Commoner and the man to whom I appeal, has very little discretion in this matter unless I propose a motion to refer it to the Standing Committee on Privileges and Elections. This whole affair seems to me to be a travesty on our committee system. Surely this is true when a man of the public eminence and authority that some people ascribe to Mr. Lalonde makes comments of this nature. I am not saying he had anything to do with the committee's decision not to call him. He may well have wanted to appear before the committee, and it may well be that he might have added relevant facts. But surely he should not discuss this matter for the purpose of a newspaper article at the very time the committee is writing its report.

Quite frankly, I am not sure whether I should move a motion to refer this matter to the Standing Committee on Privileges and Elections. I am not sure when the committee's report is likely to be tabled in the House, but I understand it may be tabled on Friday. In any event, we find ourselves in an impossible position.

Company of Young Canadians

I wanted to bring this matter to Your Honour's attention. I know you cannot request Mr. Lalonde to attend the committee, but that is what should be done because this public servant is closely associated with Privy Council matters and is also very actively involved in other matters. For this reason I suggest he should not converse with columnists about subject matters being considered by committees of the House. Had this happened a week ago I am sure the committee might have reversed itself and asked him to appear and give evidence about the financial control he alleges was exerted.

I have almost concluded my remarks, Mr. Speaker. I fail to understand how progress can be made by exercising leadership, if the leadership is removed as suggested by the article. Such public discussion of a subject matter being considered by a committee of the House is almost tantamount to a travesty of the workings of that committee.

• (2:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. I have some doubt whether it is advisable for the Prime Minister or any member of the House to discuss the question further. I should point out right away that I do not wish to be unfair to any member and certainly not to the Prime Minister if it is felt that the matter should be discussed further. In my view, however, the matter submitted to the House by the hon. member of Annapolis Valley is more in the form of a grievance than in the form of a formal question of privilege, particularly due to the fact that there is no motion before the House. The hon. member has sensed the procedural difficulty and because of this has judged it perhaps better not to pursue the matter further. I would have to agree with the action he has taken, and if hon. members feel with me that this is the right thing to do the matter will not be pursued further.

ANNOUNCEMENT BY MEMBER FOR SPADINA OF DECISION TO SIT AS INDEPENDENT

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I rise on a question of personal privilege. I have come to the conclusion that I cannot continue my support of the government and, having resigned from this group, would ask that I be seated across the floor with the opposition as an independent member.

Some hon. Members: Hear, hear.

[Mr. Nowlan.]

Mr. Speaker: An appropriate seat will be found for the hon. member who has joined the ranks of the independent.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

Third report of Standing Committee on Miscellaneous Estimates, in both official languages—Mr. Leblanc (Laurier).

[*English*]

Second report of Standing Committee on Justice and Legal Affairs—Mr. Tolmie.

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

BUSINESS OF THE HOUSE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I thought it might be helpful to hon. members if I made a statement concerning the business of the House for the period between now and the Christmas adjournment.

We have proposed that the House should rise for the Christmas adjournment on Friday, December 19. On this basis there would remain 13 sitting days for public business, including today. Two of these days are opposition days. Since they must be dealt with before December 10 it is our intention to call the opposition days on Monday and Tuesday of next week, December 8 and 9.

It is important that the following bills be finally disposed of before the adjournment because of the urgency of time in each particular case: Bill C-2 with regard to the Judges Act, which is urgent because of the necessity to add to the bench as soon as possible; Bill C-7 with regard to the Canadian National Railways, which is the annual financing bill of Canadian National Railways; Bill C-8, in respect of the Children of War dead (Education Assistance) Act; Bill C-139 in respect of the Income Tax Act; Bill C-155 in respect of the Excise Tax Act; Bill C-157 with regard to provisional payments for unthreshed grain; Bill S-8 in respect of loan companies and Bill S-9 in respect of trust companies. By way of explanation I should indicate that since the latter two bills expand the power of financial institutions to lend

money for housing purposes it would be desirable to have them passed as soon as possible so that the institutions in question may expand their loans for housing.

In addition to these urgent matters it would be desirable that the following second reading debates or motions to refer should be completed so that the committees may plan their work for January: the tax white paper reference, second reading of Bill C-144, the Canada water act, second reading of Bill C-4 with regard to the Canada Corporations Act, and second reading of Bill C-12 with regard to the international development research centre.

If the urgent bills are not dealt with by December 19, then of course we will have to take another look at the timing of the House sittings and the House may have to continue sitting beyond that date.

Some hon. Members: Oh, oh.

An hon. Member: Blackmail again.

Another hon. Member: Here we go again.

Mr. Crouse: Mac the knife.

Mr. Macdonald (Rosedale): With regard to our work in the immediate future, this afternoon we would like to complete second reading of the CNR bill, which has now been under debate for three days, so that it may go to the committee as soon as possible. We then propose to follow it with the two tax bills later today and tomorrow.

On Friday, as was previously announced, we intend to call first the bill amending the Children of War Dead (Education Assistance) Act, to be followed by the bill to provide for provisional payments for unthreshed grain. As I indicated already, next Monday and Tuesday will be opposition days, but since it has not been possible to work out an effective timetable for all the remaining business it will not be possible to state a timetable beyond Tuesday of next week.

Mr. Yewchuk: Mr. Speaker, I rise on a point of order. I wish to bring up a matter of national urgency at this time. If there are 25 members on the other side of the House who wish to join us, we have a lot of room for them.

An hon. Member: They are mostly Tories over there anyway.

SYNTHETIC DETERGENTS

MEASURE REGULATING PHOSPHATE CONTENT

Mr. David Anderson (Esquimalt-Saanich) moved for leave to introduce Bill C-165, respecting the contents of synthetic detergents.

Some hon. Members: Explain.

Mr. Anderson: Mr. Speaker, some 30 per cent of water pollution in Canada is caused by the phosphate content of detergents. The pollution of Lake Erie is a classic case of what happens if we let this detergent pollution continue. The purpose of the bill is to insist that all detergents marketed in Canada will have less than 2 per cent of phosphates. I might add that this can be done without loss of the cleaning power of the detergents or extra expense to the housewife.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

WELLAND CANAL BYPASS—
TENDERS SUBMITTED

Question No. 14—**Mr. Skoberg:**

1. Did the St. Lawrence Seaway Authority have a competitive tender regarding the eight-mile Welland Canal bypass?

2. If so, who were the holders and what were their respective bids?

3. Was Simard Beaudry Inc. of Montreal awarded the contract as the lowest bidder?

4. Did Simard Beaudry Inc. of Montreal refuse to undertake the contract after its low tender bid was accepted?

5. Is the St. Lawrence Seaway Authority contemplating legal action against Simard Beaudry Inc.?

6. If not, for what reasons?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. The St. Lawrence Seaway Authority invited competitive tenders for a number of projects for the realignment of the Welland Canal between Port Robinson and Ramey's Bend. Amongst these was an invitation to tender for the construction of a road/rail tunnel at Townline Road, Welland, Ontario.

2. The following bids were received for this tunnel:

	Using BBR System of Pre-Stressing	Using Alternative System of Pre-Stressing
Simard-Beaudry Inc.	$26,607,941	$26,339,621
The Foundation Co. of Canada	35,222,501	34,897,440
Peter Kiewit Sons Co. of Canada Ltd.	35,150,597	34,929,597
C. A. Pitts Const. (Ont.) Ltd., McNamara Corp. Ltd. and Atlas Construction Co. Ltd. (joint venture)	36,292,466	36,142,466

3. No.

4. No. In the customary pre-award examination of tenders, it was established that Simard-Beaudry had made an error in their bid price for common excavation. The engineers of the Authority and of the consultants were satisfied that the Company had made a legitimate error in the calculation of the excavation price and therefore they did not deem it advisable to accept the tender which was obviously inadequate and which would not permit completion of the work as required. None of the other tenders was accepted. A case for the forfeiture of the bid bonds did not arise since the tenders were refused.

5. No.

6. Since the Authority did not accept the tender, there are no grounds for legal action.

FOREIGN AID COMMITMENT

Question No. 45—**Mr. Lewis:**

1. When does the Government of Canada expect to reach the commitment to increase Canada's foreign aid to the dollar equivalent of one percent of the Gross National Product?

2. Does the Government of Canada have a specific time table to reach this foreign aid commitment and, if so, will this plan be tabled in Parliament?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Government is reviewing Canadian policy in the field of development assistance. The review covers the level of development assistance.

2. Parliament will be informed of the results of this review.

DR. JOHN ROBBINS—PUBLIC SERVICE POSITIONS

Question No. 61—**Mr. Diefenbaker:**

What position and in what departments in the Civil Service or the Public Service did Dr. John Robbins, the Ambassador Designate to the Vatican, hold or occupy during the period from the beginning of 1945 and up to and including the year 1960?

[Mr. Loiselle.]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Dr. Robbins was on the staff of the Dominion Bureau of Statistics from 1930 to 1952 when he left the Public Service to join the Grolier Society. At the time of his resignation he was Director of the Education and Information Divisions of DBS.

STUDY OF FOREIGN OWNERSHIP OF BROKERAGE AND INVESTMENT FIRMS

Question No. 66—**Mr. Saltsman:**

1. Does the Department of Finance know who is to head the study into the effects of foreign ownership of brokerage and investment houses sponsored by the Investment Dealers Association of Canada and the Vancouver, Toronto and Montreal and Canadian stock exchanges?

2. If so, what is the name of the individual?

3. Is this individual a senior vice-president and director of Imperial Oil Co. Ltd.?

4. Is Imperial Oil Co. Ltd. of Canada owned by Standard Oil Co. of the United States?

Hon. E. J. Benson (Minister of Finance): 1, 2, 3 and 4. This is not a matter within the administrative responsibility of the Government of Canada.

PRESCRIPTION INDEX OF CONSUMER PRICE INDEX

Question No. 71—**Mr. Saltsman:**

1. At the time Royal Assent was given to Bill C-102, what was the prescription index of the consumer price index for Canada and the major cities of Canada according to the Dominion Bureau of Statistics?

2. For each of the next three months, what was the prescription index of the consumer price index for Canada and the major cities of Canada, according to the Dominion Bureau of Statistics?

3. What was the percentage change of the prescription index from the time of Royal Assent to Bill C-102 and the last of the third month, according to the Dominion Bureau of Statistics?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1, 2 and 3. The following table shows the components which reflect the retail price movement of prescriptions in

the Consumer Price Index for Canada and for specific cities. Prescription prices used in the context of the Consumer Price Index are normally collected by the Dominion Bureau of Statistics on a quarterly basis, in February, May, August and November, with the index for this item remaining unchanged in the intervening months. The percentage changes in the prescription indexes from May 1969 to August 1969, which are identical to the changes in these indexes from the time of Royal Assent to Bill C-102 (June 27, 1969) to September 1969, is shown in the right-hand column of the table.

Table of Consumer Price Indexes for Canada and Cities

Prescriptions

	May 1969 Index 1961=100	Aug. 1969 Index 1961=100	Percentage Change May to Aug. 1969
Canada	95.7	95.6	−0.1%
St. John's, Nfld.	112.9	111.7	−1.1%
Halifax	102.7	103.1	+0.4%
Saint John	106.3	106.7	+0.4%
Montreal	94.3	94.4	+0.1%
Ottawa	90.1	89.7	−0.4%
Toronto	91.7	90.9	−0.9%
Winnipeg	91.7	93.2	+1.6%
Regina	96.1	95.8	−0.3%
Saskatoon	103.3	101.1	−2.1%
Calgary	98.6	98.8	+0.2%
Edmonton	107.9	107.2	−0.6%
Vancouver	93.4	94.3	+1.0%

PRINTING OF STUDIES, WHITE PAPERS AND REPORTS

Question No. 78—**Mr. Benjamin:**

1. Is there a special branch of the government printing bureau for printing task force studies, white papers and Royal Commission Reports?

2. If so, what is its manpower and is it fully staffed?

3. Can any approximate measure be given of the capabilities of this group in terms of output?

4. How many pages are in each and how many man-hours were required for the printing and binding of the following: (a) Report of the Royal Commission on Security (Public Version) (b) Report of the Woods Task Force on Labour Relations (c) Report of the Woods Task Force on Veterans' Affairs (d) Report of the Task Force on Sports (e) The White Paper on Veterans' Affairs (f) The White Paper on Indian Policy (g) The Task Force on Housing and Urban Development?

5. What was the elapsed time required for printing of each of the above? (i.e. How many days was the document in the printer's hands?)

Hon. James Richardson (Minister of Supply and Services): 1. No.

2. Not applicable.

3. Not applicable.

	4. Pages		4. Man-Hours		5. Number of Days*	
	Eng.	Fr.	Eng.	Fr.	Eng.	Fr.
(a) Report/Royal Commission on Security (Public Version)	170	194	284	250	11	10
(b) Report/Woods Task Force on Labour Relations	274	296	740	663	47	42
(c) Report/Woods Task Force on Veterans' Affairs	1320	1506	401	234	27	25
(d) Report/Task Force on Sports	120	132	484	432	35	22
(e) White Paper on Veterans' Affairs	Bilingual 44		Bilingual 142		Bilingual 20	
(f) White Paper on Indian Policy	Bilingual 36		Bilingual 203		Bilingual 17	
(g) Task Force on Housing and Urban Development	96	108	230	263	8	8

* The number of days represent the total time elapsed from the receipt of the first copy by the Canadian Government Printing Bureau to the final day of printing. The figures include the number of days required for transmission of proofs, editing by the customer department and return to the Bureau.

Questions

ELECTRIFICATION OF RIDEAU CANAL LOCKS

Question No. 100—**Mr. Mather:**

1. Does the Department of Transport intend to proceed with the electrification of the locks along the Rideau Canal System?

2. If so, has any study been undertaken with regard to the above subject, and if so, who were the people involved in the preparation of this study?

3. Is there an official plan regarding the lock electrification program, and if so, what are main details?

4. What is the expected total cost of the lock electrification for the Rideau Canal System?

5. What are the planned expenditures for each of the coming fiscal years regarding this program?

6. What are the main reasons for proceeding with the electrification of these locks?

7. Is the Department giving favourable consideration to a re-evaluation of this program in view of the important historical and scenic factors?

8. Has a cost-benefit analysis been undertaken of the above program under the Treasury Board's Planning Programming Budgeting System, and if not, why not?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. In the course of reconstructing lock number 36 at Newboro and lock number 13 at Black Rapids, the Department of Transport has installed electrically-activated hydraulic lock machinery. The Department proposes to take no further initiatives of this sort until such time as these improvements have been thoroughly evaluated.

2. Departmental officials have been making a continuing study of lock rehabilitation, reconstruction and operating procedures with assistance from the National Capital Commission and the National and Historic Parks Branch of the Department of Indian Affairs and Northern Development and in consultation with the Government of Ontario and other interested parties.

3. The Department's plan contemplates that a particular lock should be reconstructed at such time as the lock is deemed to have reached imminent failure. The two locks referred to hereover were reconstructed on this basis. If experience warrants and if such a course of action seems justified, electrically-activated hydraulic lock machinery will be installed in other locks when reconstruction becomes necessary.

4. It is postulated that 30 locks will require reconstruction at some time in the next 30 years. Estimated cost is $500,000 per lock, of which $25,000 would be earmarked for electrically-activated hydraulic lock machinery (were same to be installed).

5. No expenditures in this category are planned for the fiscal years 1969-70 and 1970-71.

6. Existing "man-powered" lock machinery does not meet federal and provincial safety standards. Modifications to correct deficiencies would alter the general appearance and the essential character of much of this machinery. In the light of safety requirements, experience to date (at Black Rapids, in particular) suggests that the historical and scenic values inherent in the Rideau Canal System will be protected and enhanced if electrically-activated hydraulic lock machinery is properly designed and put in place and operated with due regard for aesthetic considerations.

7. The Department is most intent upon protecting and enhancing what the Department recognizes as being a unique national asset and will continue to consult and to receive representations from all those who have an interest in the Rideau Canal System: meanwhile, Departmental studies continue.

8. All canal structures have been rebuilt once or twice. The rehabilitation and reconstruction program is a part of the Department's normal operating and maintenance program. No cost-benefit analysis of the Rideau Canal System has been undertaken.

[Mr. Richardson.]

POLICY RESPECTING SUPERSONIC AIRCRAFT

Question No. 132—**Mr. Skoberg:**

Will the Government of Canada consider issuing a policy statement now that no supersonic transport aircraftaircraft (SST) will be permitted to fly overland in Canada?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): No. The conditions under which a supersonic transport aircraft would be permitted to operate over Canada would depend entirely upon whether the aircraft in service conditions could comply with Section 515 (2) of the Air Regulations which provides as follows:

No aircraft shall be flown in such a manner as to create a shock wave the effect of which is to create or likely to create a hazard to other aircraft or to persons or property on the ground.

BILLS OF LADING

Question No. 211—**Mr. Mather:**

Is consideration being given to the simplified new United States bill of lading form and the saving of time and expense through more efficient shipping documentation?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Yes. The Government is assisting in the work of the Inter-Governmental Maritime Consultative Organization on the simplification of shipping documents. In addition, shipping industry associations in Canada are considering the problem, including standardized bills of lading, and the Government has offered technical assistance.

COST OF PUBLICATION OF "TRANSPORT CANADA"

Question No. 280—**Mr. Mather:**

1. What is the cost of publication of the Department of Transport staff magazine "Transport Canada" including the personnel involved, material, production and distribution?

2. How many copies of the magazine are printed?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. Cost of the publication, including the salary of the one person (editor) involved nearly full-time in its publication, is approximately $30,000. Produced by the Government Printing Bureau; outside of normal Government distribution in Ottawa, the magazine is distributed by express and mail.

2. 17,250 of each issue are produced.

*PARTICIPATION BY CERTAIN PERSONS IN CBC FRENCH NETWORK PROGRAMS

Question No. 281—**Mr. Portelance:**

Between June 1, 1969 and October 24, 1969, how many times have the following been heard on the French radio and television network of the CBC (a) The Right Honourable Pierre E. Trudeau (b) The Honourable Jean-Jacques Bertrand (c) The Honourable Jean Lesage (d) Mr. René Lévesque (e) Mr. Raymond Lemieux (f) Mr. Michel Chartrand (g) Mr. Jean Drapeau (h) Mr. Réal Caouette.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation that the following figures are for radio and television public affairs or special programming between June 1 and October 24, 1969, but that those indicated for news programs are for a one-month period only, September 24 to October 24, 1969, since no earlier record of individual news appearances was available.

	No. of Appearances in Public Affairs or Special Programs	No. of Appearances in News Programs
(a) The Right Honourable Pierre E. Trudeau	6	13
(b) The Honourable Jean-Jacques Bertrand	7	20
(c) The Honourable Jean Lesage	1	5
(d) Mr. René Lévesque	5	12
(e) Mr. Raymond Lemieux	3	6
(f) Mr. Michel Chartrand	3	2
(g) Mr. Jean Drapeau	1	1
(h) Mr. Réal Caouette	2	5

[*English*]

HARBOUR COMMISSIONERS

Question No. 301—**Mr. Winch:**

1. What are the names of the twenty-one part-time Harbour Commissioners appointed by the government?

2. What honoraria, fees or salaries are paid to each?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1 and 2. The following are the Harbour Commissioners appointed by the government and their annual honoraria: J. A. Goyer, Belleville Harbour Commissioners, $900 as Chairman; D. P. Burley, Belleville Harbour Commissioners, $600; W. A. D. Selby, Oshawa Harbour Commission $800; J. D. McNish, Toronto Harbour Commissioners, Expenses only; H. T. O'Neill, Toronto Harbour Commissioners, Expenses only; E. D. Hickey, Hamilton Harbour Commissioners, $4,000; J. A. Lanza, Hamilton Harbour Commissioners, $4,000; C. Gress, Windsor Harbour Commission, $1,200 as Chairman; A. J. Quenneville, Windsor Harbour Commission, $800; F. H. Black, Lakehead Harbour Commission, $1,400; J. C. Perry, Lakehead Harbour Commission, $1,400; H. H. Styffe, Lakehead Harbour Commission, $1,400; F. H. Jackson, Fraser River Harbour Commission, $2,100 as Chairman; C. T. Brown,

Fraser River Harbour Commission, $1,400; F. H. Coulthard, Fraser River Harbour Commission, $1,400; J. S. Alsbury, North Fraser Harbour Commissioners, $2,500 as Chairman; J. A. Lindsay, North Fraser Harbour Commissioners, $35 per meeting with annual maximum of $1,200; E. Riordan, North Fraser Harbour Commissioners, $35 per meeting with annual maximum of $1,200; D. Robinson, Nanaimo Harbour Commission, $1,500 as Chairman; C. D. Madill, Nanaimo Harbour Commission, $1,000; D. O'Brien, Port Alberni Harbour Commissioners, $1,500 as Chairman; L. K. Jordan, Port Alberni Harbour Commissioners, $1,000.

CONDITIONS ON SMALL COASTAL TUGS

Question No. 337—**Mr. Maiher:**

Have representations been received from the Western Branch, Canadian Merchant Service Guild, protesting alleged primitive living conditions on small coastal tugs and citing the fact that 21 lives have been lost in the past five years due to operating conditions?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Yes. Such representations have been received by a group of officials of the Departments of Transport and Labour who had already commenced a joint study of living and working conditions on tugs.

EXPULSION OF FRANK SHEER FROM CAMEROON

Question No. 401—**Mr. Lambert (Edmonton West):**

1. Was a Canadian citizen, Frank Sheer, resident of Ottawa, recently expelled from Cameroon by the authorities of that country and under what circumstances?

2. What assistance, leading to release from arrest and confinement, was provided by the Canadian Chargé d'Affaires, Marc Perron, at Yaounde?

3. What protests were made to the Cameroonian Government by Canadian authorities concerning the abusive police treatment received by Mr. Sheer and what was the answer?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. Yes. Canadian citizen, Frank Sheer, a resident of Ottawa, on an assignment for International Color Film in Cologne, was expelled from Cameroon by the authorities of that country on November 1, 1969 following the expiry of his visa. Mr. Sheer was detained on October 27 near Bamenda, West Cameroon, taken to Buea on October 28 and transferred by Federal Security Forces to Yaoundé on October 31. Cameroonian authorities held him for interrogation on grounds of engaging in suspicious activities.

[Mr. Pelletier.]

Although the region where Mr. Sheer was detained was a long way from the border between Cameroon and Nigeria, the Cameroonian Security Forces' suspicions appear to have been aroused as a result of Mr. Sheer travelling in that region carrying photographic equipment and wearing a bush jacket and haversack similar to those used by Cameroonian soldiers.

2. Mr. Sheer's detention was brought to the attention of the Canadian Embassy by the British Vice-Consul at Buea as soon as he was aware of the situation. The Canadian Chargé d'Affaires, succeeded in obtaining Mr. Sheer's release from detention and in arranging for him to stay in a hotel overnight in Yaoundé prior to his departure from the country on November 1.

3. In his conversation with the Canadian Chargé d'Affaires, Mr. Sheer made no reference to physical abuse at the hands of Cameroonian police authorities.

The Canadian Chargé d'Affaires in Yaoundé has, however made representations to the Ministry of Foreign Affairs regarding their security forces' refusal to permit Mr. Sheer to contact a Canadian representative and their failure to inform the Canadian Embassy of the detention of Mr. Sheer.

REGIONAL INCENTIVES GRANT, ATLANTIC BREWING COMPANY

Question No. 441—**Mr. Marshall:**

1. Was an application for a Regional Incentives Grant submitted to the Department of Regional Economic Expansion by the Atlantic Brewing Company of Stephenville, Newfoundland and, if so, on what date?

2. Was this grant approved and, if so, on what date?

3. What was the financial condition of the firm on receipt of the grant?

4. What is the financial position at the present time?

Mr. Marlin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. Yes, April 4, 1968.

2. Yes. May 29, 1969.

3. The company was in a break-even position after the first year of operation. The shareholders met the equity requirements of the legislation.

4. Operations have ceased as a result of subsequent losses.

ADVERTISING RESPECTING FILING OF TAX RETURNS

Question No. 478—**Mr. Matte:**

1. What amount did the government spend on advertising to encourage Canadians to file their

1967 and 1968 tax returns before the closing date?

2. What amount does the government intend to spend for this purpose in connection with the 1969 returns?

3. Of these amounts how much was or will be paid to (a) private firms (b) the Canadian Broadcasting Corporation?

Hon. Jean-Pierre Côté (Minister of National Revenue): 1. The Department of National Revenue, Taxation, did not have an advertising program designed to encourage Canadians to file tax returns on time during 1967 or 1968. Whatever advertising was done was directed to filing correct returns through the use of the guide provided and available information through the district taxation offices.

2. The same policy will prevail in connection with 1969 returns.

3. Not applicable.

SALARY, BANK OF CANADA GOVERNOR

Question No. 489—**Mr. Mather:**

1. What was the salary of the Governor of the Bank of Canada in 1967?

2. What is the salary in 1969?

3. Does he receive any emolument from the International Monetary Fund and, if so, is it tax-free?

Hon. E. J. Benson (Minister of Finance): 1 and 2. The salary of the Governor of the Bank of Canada was $50,000 per year from 1953 to 1968 and has been $75,000 per year since January 1, 1969.

3. No.

PROPERTY EXPROPRIATION OVERLOOKING LEBRETON FLATS

Question No. 508—**Mr. Mather:**

1. What was the purpose of the expropriation of the property next to 100 Bronson overlooking Lebreton Flats?

2. What was the cost of acquiring this property?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): As far as the National Capital Commission in concerned: 1. The property was expropriated by the National Capital Commission February 19, 1965, to assure that future development on the site would be compatible with the then Government plans for locating the National Defence Headquarters on LeBreton Flats.

2. $807,176.50.

SUBSIDIES TO MILK PRODUCERS, CARDIGAN RIDING

Question No. 520—**Mr. McQuaid:**

1. During the last fiscal year, how many milk producers in the Constituency of Cardigan were in receipt of subsidies payable by the Canadian Dairy Commission?

2. What was the total amount of the subsidy paid during the above period?

3. How many producers in the above Constituency had deductions made from their subsidy payments because of the fact that their production exceeded their assigned quotas?

4. What was the total amount lost to the producers because of these deductions?

Hon. H. A. Olson (Minister of Agriculture): 1. Records of dairy subsidy payments are maintained only on a national and provincial basis. The provincial figures are not broken down by constituency or other geographic boundaries.

2. See above.

3. See above.

4. See above.

JAIL FACILITIES, P.E.I.

Question No. 523—**Mr. McQuaid:**

1. Since January 1, 1968, was there a request from the Government of Prince Edward Island of the Government of Canada for financial assistance in the improvement of jail facilities in that Province and, if so, what was the nature of the reply?

2. Would the Government of Canada favourably consider a proposal to establish, at its own expense, a jail farm in this Province or would it be prepared to give substantial financial assistance tc the establishment of such a farm?

Hon. G. J. McIlraith (Solicitor General): 1. No request has been received by the Solicitor General since January 1, 1968 for direct financial assistance in the improvement of jail facilities in the Province of Prince Edward Island, however, a request has been received by the Solicitor General from the Attorney General of that Province to finance a study of the Province's correctional programs. In response, the Province was asked to define in specific terms the breadth of the study proposed so that the methods and personnel needed for such a study might be determined and the financial implications assessed. A reply is being awaited.

2. Answered by 1.

REPORT OF COMMITTEE ON HEALTH SERVICES' COSTS

Question No. 551—**Mr. Southam:**

Following the Federal-Provincial Conference of Health Ministers being held in Ottawa November 25th and 26th, will the Report of the Committee on Costs of Health Services be made available to Members of Parliament for study?

Hon. John C. Munro (Minister of National Health and Welfare): This report was tabled in the House of Commons on November 25th, 1969.

Finance

[*Translation*]

Mr. Louis Roland Comeau (South Western Nova): Mr. Speaker, the government has announced three weeks ago its policy concerning question No. 306. I have asked earlier the Parliamentary Secretary if the question could be allowed to stand, because an answer has already been provided through the press. I am wondering why it is impossible to get an answer in the House.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): An answer has already been requested, Mr. Speaker, and as far as I know it will be given shortly.

[*English*]

Mr. Speaker: Shall the remaining questions stand?

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

FINANCE

INCREASE IN BANK PROFITS

Mr. Max Saltsman (Waterloo): Mr. Speaker, I ask leave, seconded by the hon. member for Regina East (Mr. Burton), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the tremendous increase in profits reported yesterday by all of Canada's chartered banks, and the need to consider imposing regulations to limit interest rates and other service charges.

Mr. Speaker: The hon. member for Waterloo has proposed to move the adjournment of the House under Standing Order 26 in the circumstances to which he has just referred. The purpose of the proposed motion is to give this House an opportunity to debate the need to consider imposing regulations to limit interest rates and other service charges.

I must bring to the attention of hon. members that the House itself, by an order adopted October 30, empowered the Standing Committee on Finance, Trade and Economic Affairs to consider the present level of interest rates. Thus the very problem raised by the hon. member is specifically before a standing committee by order of the House. This would seem to indicate that this is the type of situation that, in spite of the circumstances explained by the hon. member, ought not to be the subject of an emergency debate under Standing Order 26. In the circumstances I have to rule that the motion cannot be put to the House at this time.

PUBLIC SERVICE

RELATIONS BETWEEN STAFF UNIONS AND TREASURY BOARD—PACE OF BARGAINING

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I ask leave, seconded by the hon. member for Saint John-Lancaster (Mr. Bell), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the statement by the President of the Public Service Alliance of Canada on behalf of 140,000 public employees citing deteriorating relations between the staff unions and Treasury Board on a number of important issues, but most especially the absence of meaningful bargaining on the government's part and the "incredibly slow pace" of current negotiations.

Mr. Speaker: The hon. member for Peace River sent me notice of his proposed motion in accordance with Standing Order 26, section (2). Since receiving the hon. member's notice I have had an opportunity to consider the subject matter of the topic which he proposes to raise on a motion to adjourn the House. As has often been said by the Chair in this session and as is repeated in the Standing Order, the question to be determined by the Chair is not the importance of the subject matter but rather the urgency of debate. Perhaps it might be helpful once again to quote the Standing Order and particularly subsection (16)(a) which reads as follows:

> The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration.

There is no doubt in my mind that the relationship between the government and its employees is a matter of particular importance, but I cannot bring myself to feel that the continuing process of bargaining and negotiating is of such immediate urgency as to require the setting aside of the ordinary public business which the House will consider today. In the circumstances the motion proposed by the hon. member should not be put to the House.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the notices of motions for the pro-

duction of papers Nos. 35, 51, 81, 267, 269, 273, 274, 275, 276, 277 and 278 are acceptable to the government.

[*English*]

Mr. Speaker: Is it the pleasure of the House that the notices of motions enumerated by the Parliamentary Secretary be deemed to have been adopted?

Some hon. Members: Agreed.

POTENTIAL PRICE INCREASES IN 1970 CARS

Motion No. 35—**Mr. Broadbent:**

That an Order of the House do issue for copies of all correspondence between the Minister of Consumer and Corporate Affairs and Canadian automobile manufacturers regarding any potential price increases in 1970 model cars.

Motion agreed to.

CITY SEWAGE TREATMENT

Motion No. 51—**Mr. Harding:**

That an Order of the House do issue for a copy of the survey undertaken by the Department of National Health and Welfare regarding the sewage treatment of 19 major Canadian cities prepared for proposals under the Canada Water Act.

Motion agreed to.

ALEUTIAN ISLANDS NUCLEAR EXPLOSION

Motion No. 81—**Mr. Rose:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, memoranda, aide-mémoires, etc., between the Government of Canada and the Government of the United States regarding the nuclear bomb explosion in the Aleutian Islands.

Motion agreed to.

"ORGANIZATION OF GOVERNMENT OF CANADA"

Motion No. 267—**Mr. Diefenbaker:**

That an Order of the House do issue for a complete copy as of November 4, 1969, of the loose-leaf book entitled "Organization of the Government of Canada".

Motion agreed to.

CNR GUARANTEE OF COMPUTER SCIENCES (CANADA) LIMITED LOAN

Motion No. 269—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the authorization of Canadian National Railways to guarantee 25.5% of a $1.5 million bank loan to Computer Sciences (Canada) Limited.

Motion agreed to.

GREGOIRE LAKE RESERVES—TRANSFER OF LAND FOR ROAD

Motion No. 273—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the transfer to the Province of Alberta a portion of Gregoire Lake Indian Reserves 176 and 176A in the said Province for road purposes.

Motion agreed to.

COWICHAN RESERVE—EXERCISE OF STATUTORY POWERS BY NORTH COWICHAN

Motion No. 274—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the consenting to the exercising of statutory powers by the Corporation of the District of North Cowichan of Duncan, in the Province of British Columbia, re a portion of Cowichan Indian Reserve No. 1 in the said Province.

Motion agreed to.

KEHIWIN RESERVE—EXERCISE OF STATUTORY POWERS BY CANADIAN UTILITIES LTD.

Motion No. 275—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the consenting to the exercising of statutory powers by Canadian Utilities Limited re easement for a power line transmission over part of Kehiwin Indian Reserve Number 123 in the Province of Alberta.

Motion agreed to.

LUKSEETOISSUM RESERVE—SURRENDER OF LAND

Motion No. 276—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the acceptance of the surrender of 13 acres of Lukseetoissum Indian Reserve No. 9 in the Province of British Columbia.

Motion agreed to.

COWICHAN RESERVE—TRANSFER OF LAND FOR ROAD

Motion No. 277—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council transferring to the Province of British Columbia a portion of the Cowichan Indian Reserve Number 1 in the said Province for road purposes.

Motion agreed to.

Motions for Papers

FINLAY FORKS RESERVE EXPROPRIATION

Motion No. 278—**Mr. Rose:**

That an Order of the House do issue for a copy of the October 1969 Order-in-Council regarding the expropriation by British Columbia Hydro and Power Authority re the whole of Finlay Forks Indian Reserve No. 1, British Columbia.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, notices of motions Nos. 49, 58 and 86 are acceptable to the government subject to the usual reservations as to confidential documents and to consent given by the government authorities concerned.

[*English*]

Mr. Speaker: Subject to the reservations and conditions expressed by the Parliamentary Secretary, is it the pleasure of the House that the notices of motions he has enumerated shall be deemed to have been adopted?

Some hon. Members: Agreed.

STUDENT SUMMER EMPLOYMENT TERMINATION

Motion No. 49—**Mr. Rose:**

That an Order of the House do issue for a copy of the letter from the Government of Canada to students employed by the Government of Canada during the summer months advising them that their employment was prematurely terminated.

Motion agreed to.

NATIONAL CAPITAL COMMISSION

Motion No. 58—**Mr. Thomson (Battleford-Kindersley):**

That an Order of the House do issue for a copy of all consultant reports and studies done for the National Capital Commission.

Motion agreed to.

PROPOSED TORONTO AIRPORT

Motion No. 86—**Mr. Brewin:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, plans, reports, studies and other documents relating to a proposed or projected airport in or near the Toronto Island or the East end of the City of Toronto, and in particular, without limiting the generality of the foregoing, correspondence between the Department of Transport and any of its representatives and the Toronto Harbour Commissioners, representatives of the Government of Ontario, of the Municipality of Metropolitan Toronto, of the City of Toronto, and further in particular any reports showing the proposed site of the proposed airport, studies as to noise pollution, traffic studies, and studies as to accessibility and parking accommodation.

Motion agreed to.

[Mr. Rose.]

[*Translation*]

Mr. Forest: Mr. Speaker, would you be so kind as to call notices of motions Nos. 9, 31, 44, 93, 131, 138, 150, 206 and 207?

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

[*English*]

PRINCE EDWARD ISLAND CAUSEWAY

Motion No. 9—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the report by C. B. Haver of Montreal for Northumberland Consultants Limited regarding a review of the cost-benefit evaluation by Stanford Research Institute for a Prince Edward Island causeway as mentioned in answer to question number 1,832 reported in *Hansard* July 21, 1969 on page 11374.

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, this motion refers to a review and cost-benefit study undertaken in respect of the studies on the Northumberland Passage. Being a review it was strictly an internal document, privileged, and therefore I would ask if the hon. member would please withdraw his motion.

Mr. Orlikow: Mr. Speaker, I cannot accept the premise put forward by the minister. In the light of that I suggest we take a vote.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

WOODS TASK FORCE REPORT PROPOSALS

Motion No. 31—**Mr. Knowles (Winnipeg North Centre):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence between the Government of Canada and the Governments of each of the provinces regarding the implementation of the proposals in the Report of the Woods Task Force on Labour Relations.

Mr. Jim McNulty (Parliamentary Secretary to Minister of Labour): Mr. Speaker, we have explained to the hon. member that any correspondence covered by his motion related only to the arrangements for a meeting. Since it would hardly seem worth while to correspond again with the provinces for their permission to table this correspondence, perhaps the hon. member would withdraw his motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, this assurance has already been given to me and in light thereof I am happy to withdraw this motion. It is too bad there was not something there to get.

Order discharged and motion withdrawn.

CANADIAN EDUCATIONAL BROADCASTING AGENCY

Motion No. 44—**Mr. Rose:**

That an Order of the House do issue for a copy of the task force report regarding the Canadian Educational Broadcasting Agency, referred to by the Secretary of State on October 24, 1968, as reported in *Hansard* on page 1968.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the motion relates to the production of the final report of the task force on educational broadcasting. This paper does not exist.

As mentioned in my statement of October 24, 1968, on educational television made in the House, the mandate of the task force was to advise the government on educational television and more particularly, on the details of the proposed legislation and on the methods of financing the agency that was then suggested, to ascertain provincial requirements and priorities for the provision of facilities and to advise on the most practical means of satisfying provincial requirements.

The task force has fulfilled its mandate; no final report was expected of the task force. Most of the aspects of the work described above, particularly in relation to the proposed legislation, the methods of financing the agency and the means of satisfying the most urgent provincial requirements—

Mr. Speaker: Order. I take the liberty of reminding the minister that he is not allowed to make a statement which should normally be made on motions. The minister should indicate to the House as briefly as possible why the motion is accepted or turned down.

Mr. Pelletier: In my opinion, Mr. Speaker, it is quite clear that the task force had not been asked to report, but to carry out a certain program.

I would therefore ask the hon. member if he would be good enough to withdraw his motion.

[*English*]

Mr. Rose: Mr. Speaker, since the document apparently does not exist I agree not to request it.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

PETITION BY CERTAIN MEMBERS RESPECTING ARCTIC SEAS

Motion No. 93—**Mr. Orlikow:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the petition given to the Prime Minister by twenty-five members of the House of Commons asking that Canada declare the Arctic seas as Canadian territorial waters.

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Mr. Speaker, no petition as described in the motion has been received by the Prime Minister. Perhaps, therefore, the hon. member may wish to withdraw his motion.

Mr. Orlikow: Mr. Speaker, under the circumstances I will agree.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

POTASH SHIPMENTS, SASKATCHEWAN TO UNITED STATES

Motion No. 131—**Mr. Burton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence exchanged between the Government of Canada and the Government of Saskatchewan concerning trade and prices of potash shipped from Saskatchewan to the United States.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Minister of Industry, Trade and Commerce wishes to inform the hon. member that while there have been considerable consultations between the Department of Industry, Trade and Commerce and the government of Saskatchewan on this issue, there is no written correspondence on file. In view of this, the minister would ask the member to withdraw his motion.

Mr. Speaker: Is it agreed that the motion be dropped?

Mr. Burton: I agree, Mr. Speaker.

Order discharged and motion withdrawn.

SALE OF POTASH TO UNITED STATES

Motion No. 138—**Mr. Burton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence for the period January 1, 1968 to September 30, 1969, between the Government of Canada and the Government of the United States regarding the sale of potash to the United States.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the only correspondence that the

government of Canada has had with the United States government refers to the procedures followed by the United States authorities in their anti-dumping investigation of Canadian potash exports. This exchange is continuing and in these circumstances the production of papers for the period in question would not be in the public interest. In view of this, I hope that the hon. member will withdraw his motion.

Mr. Burton: Mr. Speaker, I cannot agree to this request. I ask that a vote be taken on this motion.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

ARCTIC WATERS MAP

Motion No. 150—**Mr. Harding:**

That an Order of the House do issue for a copy of a map showing Arctic waters claimed by Canada.

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, no map has yet been published showing the extent of Canadian territorial waters in the Arctic.

Consequently, I invite the hon. member to withdraw his motion.

[*English*]

Mr. Harding: Mr. Speaker, I suggest that a vote be taken.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

U.S. POLICY ON VIET NAM—CANADIAN MEMORANDUM INDICATING DISAPPROVAL

Motion No. 206—**Mr. Broadbent:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the memorandum submitted by the Government of Canada to the Government of the United States indicating disapproval of President Nixon's recent statement of United States policy on Viet Nam as being unlikely to lead to peace in Viet Nam, as mentioned by the Prime Minister and reported in *Hansard* November 6, 1969, pages 591 to 592.

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the Prime Minister never indicated that a memorandum had been submitted to the American authorities and, as a matter of fact, such a memorandum does not exist.

The Prime Minister discussed the question of Viet Nam with President Nixon, when he visited Washington last April. Furthermore, the Secretary of State for External Affairs also discussed the matter with the American Secretary of State, Mr. Rogers, on that same occasion, and on various other occasions.

Considering that such a memorandum does not exist, I suggest to the hon. member that he withdraw his motion.

[*English*]

Mr. Broadbent: That is a reasonable request to which I agree, Mr. Speaker.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

NORTHWEST TERRITORIES—NATIVE PEOPLE EMPLOYED IN MINING

Motion No. 207—**Mr. Howard (Skeena):**

That an Order of the House do issue for a copy of the survey undertaken by the Department of Indian Affairs and Northern Development showing the number of native people employed in mining in the Northwest Territories as referred to by the Minister of Indian Affairs in his address in Yellowknife on November 10, 1969.

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, when the mining firms provided the information requested by the hon. member in this motion, they did so on the understanding that the department would not make it public. It would be a breach of faith on the part of the government to release this information and I would therefore ask the hon. member to withdraw his motion.

Mr. Howard (Skeena): Mr. Speaker, I should like to raise a point of order about this matter. The Parliamentary Secretary was kind enough to send me a copy of his proposed remarks. The statement says that when the mining firms provided this information they did so on a confidential basis and therefore it would be a breach of faith to disclose how many native Indian people are working in the mining industry in the territories. The fact of the matter is that the minister on November 10 was able to take what is obviously confidential information and exploit it publicly and politically. Such being the case, I think the information must be provided.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. That is not a point of order. The hon. member does not agree with the reasons given by the Parliamentary Secretary. His recourse is either to ask for a vote or suggest that the matter be transferred for debate.

Mr. Howard (Skeena): Mr. Speaker, if the government wants to transfer the matter and hide it that way, that is its business.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions stand?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, since reference has previously been made to this matter, I wonder if I may ask the President of the Privy Council whether I may soon expect a decision on notice of motion for the production of papers No. 30, having to do with a report on the subject of conflict of interest legislation?

Mr. Macdonald (Rosedale): Yes, Mr. Speaker.

Mr. Speaker: Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

PUBLIC SERVICE

STATEMENT BY CLAUDE EDWARDS RESPECTING BARGAINING RELATIONS WITH GOVERNMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the President of the Treasury Board. After what happened last night I wonder whether he forgot to introduce himself to the House this afternoon. Perhaps there is an Acting Minister to represent the President of the Treasury Board today. Is there an Acting Minister to represent the President of the Treasury Board, Mr. Speaker?

An hon. Member: Please stand up.

Another hon. Member: Put the question.

Mr. Stanfield: Mr. Speaker, I wish to ask someone on the other side of the House whether, in view of the serious allegation by Mr. Claude Edwards that some members of the government have made thinly veiled threats of economic blackmail, with hints that any increases in salary negotiated at the bargaining table will have to be paid for in lay-offs and redundancies, an appropriate spokesman for the government is prepared to repudiate this statement and deny that such a situation exists or whether, on the other hand, this is the inevitable consequence of the payroll freeze that has been adopted by the government with respect to most departments?

Mr. Speaker: Order, please. The Leader of the Opposition knows that a question normally should be asked in another form. It should be asked directly instead of taking the form of seeking a confirmation or denial of a statement. Subject to this condition and reservation, the question is acceptable to the Chair.

An hon. Member: Who is answering?

Hon. Arthur Laing (Minister of Public Works): Mr. Speaker, the subject dealt with in the question of the Leader of the Opposition is so manifestly exclusively the responsibility of the President of the Treasury Board that I am quite certain he and members of the House would want the President of the Treasury Board to make the reply. I shall draw this question to his attention on his return.

An hon. Member: Pretty smooth!

Some hon. Members: Hear, hear.

Mr. Stanfield: A supplementary question, Mr. Speaker. When the Minister of Public Works is directing this matter to the attention of the President of the Treasury Board, will he also call to the attention of the minister the charge that the whole pay system in the Public Service is in a state of chaos and ask the minister to make a full statement to the House and give assurances of what measures, if any, are being taken to correct this situation?

Mr. Laing: Mr. Speaker, I shall draw the attention of the minister to the remarks of the Leader of the Opposition.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I direct my supplementary question to the Prime Minister. In these negotiations have the secretary to the President of the Privy Council, the secretary to the President of the Treasury Board and his other representatives been instructed as to the maximum percentage of increase which will be granted? If so, what is that percentage?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): I know of no such instructions given by either the secretary or by the President of the Treasury Board, Mr. Speaker.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Are we to understand from the Prime Minister that the guideline of a 6 per cent or 7 per cent increase in wages for government employees is not now in effect?

Mr. Trudeau: Nor has it ever been, Mr. Speaker.

DELAY IN ISSUING RETROACTIVE PAY CHEQUES

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker, to the Minister of Finance. Will the minister say whether the lengthy delay in honouring the retroactive pay commitments to civil servants is because the minister is holding the funds in order to keep the cash position of the treasury solvent?

Hon. E. J. Benson (Minister of Finance): I would like to say that such is not the case. With the tremendous success of the Canada Savings Bonds campaign, our cash balances are good.

Mr. Baldwin: Why don't you pay your bills then?

Mr. Stanfield: In view of the scathing indictment of Mr. Edwards regarding the government's attitude toward its own pensioners, can the Prime Minister give the House a date when the decision will be made with regard to this matter? I ask this in view of the evasive answers and the procrastination we have received from the President of the Treasury Board.

FINANCE

BANK PROFITS—ALLEGED FAILURE TO EXERCISE RESTRAINT

Mr. Max Saltsman (Waterloo): I wish to direct my question to the Minister of Finance, Mr. Speaker. In view of the excessive profits now reported by all banks, will the minister inform the House whether it is his intention to make a statement indicating this country's disapproval of the failure of the banks to practice restraint in this inflationary period?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, all I have seen, like my hon. friend, is the report in this morning's *Globe and Mail*. I am studying it. I will comment on it after I have had a chance to compare the preliminary figures with the actual figures that are available to the Inspector General of Banks.

Mr. Saltsman: A supplementary question, Mr. Speaker. Are we to understand from the minister's reply that after studying the report in the paper he will make a statement on the banks' position?

Mr. Benson: I will certainly consider the matter, Mr. Speaker.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): A supplementary question, Mr. Speaker.

Could the Minister of Finance tell us whether the profits of the Bank of Canada, our most eminent financial institution, are presently comparable to those of the chartered banks?

[*English*]

Mr. Benson: It is a pretty good operation, Mr. Speaker.

Mr. Eldon M. Woolliams (Calgary North): My question is to the Minister of Finance. In view of the fact that the banks have shown large profits, is the minister prepared to discuss with the presidents of the various chartered banks the lowering of interest rates in regard to those programs basically guaranteed by the government, such as farm improvement loans, house improvement loans and various other loans?

Mr. Benson: I suggest that the hon. member should attend the standing committee that is studying interest rates so that he may put his great knowledge before that committee and enable them to come back to the House with reports and suggestions.

Some hon. Members: Hear, hear!

Mr. Woolliams: Before I ask my supplementary question, Mr. Speaker, I might just make this reply—

Some hon. Members: Oh, oh!

Mr. Speaker: If the hon. member wants to make a reply, he will have to do so on another occasion. He may ask a supplementary question.

Mr. Woolliams: Thank you very much, Mr. Speaker. I will reshape my thoughts and rephrase my question. I ask the Minister of Finance, through Your Honour, if he thinks

that the present rates of interest of 8½ per cent to 10 per cent being charged on certain loans are fair in light of the profits of the banks?

Mr. Speaker: Order, please.

Mr. Benson: Mr. Speaker, I think interest rates are too damn high.

Mr. Speaker: Order, please. The question and answer are out of order.

[*Translation*]

COMPANY OF YOUNG CANADIANS

REQUEST FOR MEASURES TO PREVENT EXTRAVAGANT EXPENDITURES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to ask a question to the Secretary of State.

Since it is generally admitted that the Company of Young Canadians is infested with separatists and people in revolt, does the minister intend to take action in order to prevent the wasting of public funds by putting an end to this extravagance throughout Canada?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, to answer that part of the intervention which is a question, I must say that the parliamentary committee studying the problem to which, I think, the hon. member is referring, is to submit its report Friday.

Mr. Caouette: Mr. Speaker, a supplementary question.

Is the secretary of State aware that the Company of Young Canadians is doing television programs in Rouyn-Noranda—

Mr. Speaker: Order, please. I think the hon. member's question is not in order.

ABANDONMENT OF PROJECT

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to direct a supplementary question to the Secretary of State.

In view of the announcement made this morning by the director of the Company of Young Canadians, Mr. Vidal, to the effect that he might have to decide whether he should withdraw his financial support and the cooperation of his members to St. Henri's workers' committee, does the Secretary of State know about this decision? Has he been consulted and can he tell us whether other projects will also be discontinued soon?

Mr. Pelletier: No, Mr. Speaker.

Inquiries of the Ministry

REGIONAL ECONOMIC EXPANSION

EASTERN QUEBEC—NEGOTIATION OF NEW FEDERAL-PROVINCIAL AGREEMENT

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion.

Could he tell the House whether or not he has received an invitation from Mr. Marcel Masse, of the province of Quebec, to take part in a summit meeting with all the members of parliament from the Lower Saint Lawrence area, the Gaspé Peninsula and the Magdalen Islands, for the purpose of negotiating a new federal-provincial agreement on the economic development of Eastern Quebec?

Mr. Speaker: I suggest to the hon. member that the interesting suggestion he is now bringing forth could fortunately be considered at the time of adjournment.

[*English*]

CANADIAN CONSTITUTION

EFFECT ON CONFERENCE OF SPEECH BY HEALTH AND WELFARE PARLIAMENTARY SECRETARY

Mr. Gordon Ritchie (Dauphin): May I direct a question to the Prime Minister, Mr. Speaker? Did the government give approval to the remarks prepared for the Minister of National Health and Welfare and delivered last night by his Parliamentary Secretary at Sault Ste. Marie? If so, does the Prime Minister consider that this sort of partisan speech will assist progress at the constitutional conference next week?

Mr. Speaker: It seems to me the question as asked is argumentative. I do not think it is acceptable.

NATIONAL DEFENCE

ACCIDENT ON AIRCRAFT CARRIER "BONAVENTURE"

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I wish to address a question to the Parliamentary Secretary to the Minister of National Defence. Has he any report to make to the House regarding the unfortunate tragic incident on board the aircraft carrier *Bonaventure*? I might take this opportunity to express the sympathy of all members to the next of kin of the victims.

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I regret very much having to inform the

House that four members of the crew of the aircraft carrier *Bonaventure* died early this morning after they were overcome by aviation gas fumes on board the ship. The four men were carrying out fuel tank venting operations when they were overcome about 4.40 a.m. this morning, Atlantic standard time. The names of those killed will be announced after their next of kin have been informed. The removal of aviation gas fumes from these tanks is standard operating procedure. A board of inquiry has been ordered. I join the hon. member in his expression of sympathy to the next of kin.

TRADE

POSSIBLE BRITISH ENTRY INTO ECM—SAFEGUARDING OF CANADIAN INTERESTS

Hon. Marcel Lambert (Edmonton West): My question is directed to the Prime Minister. On Monday I asked the Prime Minister what attitude the Canadian government was adopting with regard to Britain's potential entry into the European Common Market. The Prime Minister indicated that he was making this his responsibility. I wonder if he is in a position to tell the House whether he will be making a statement on motions and, if so, when?

Right Hon. P. E. Trudeau (Prime Minister): I am afraid the hon. member misunderstood my answer, Mr. Speaker. When this question was asked on Monday I remarked that the Department of Industry, Trade and Commerce would be answering questions the next day, which was yesterday. I do not know if the hon. member was here yesterday or if he forgot his question, but if he will look at *Hansard* I believe this is what he will see. My answer is the same. The department will be answering questions tomorrow.

Mr. Lambert (Edmonton West): With the greatest respect, the Prime Minister said that he was making this matter his responsibility; at least, I interpreted him in that way. I apologize if I am wrong; I will question the appropriate minister.

CONSUMER AFFAIRS

CHARGES RESPECTING OPERATIONS OF COUNCIL

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs.

[Mr. Groos.]

In view of the serious charges by members of the Canadian Consumers Council that the council has spent a year in almost total idleness, is torn by bitter internal dissension and is gagged by the chairman, will the minister investigate these charges and inform the House of his findings?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, some time ago I wrote to the members of the council and asked each of them individually for his views on the role and structure of the council. I now have those views. I also informed the council some time ago that I would be meeting with them to discuss whether there should be any change in the role or structure of the council.

I have read the report to which the hon. member refers and from reading the report all I can say is that one can only have some sympathy for the chairman in view of the divergent views which were expressed.

Mrs. MacInnis: A supplementary question, Mr. Speaker. In view of the particular charge that nothing meaningful has been done to look into ways to help low income consumers, will the minister now consider appointing representatives from the low income consumers to the council?

Mr. Basford: Mr. Speaker, I asked the council more than a year ago in my first speech to the council to examine questions and problems relating to the low income consumer. They have not yet reported to me on that subject. As I said a moment ago, I have asked the members of the council to give me their views whether there should be a change in the role or structure of the council, and I will be weighing those views to determine whether some changes should be made.

THE CANADIAN ECONOMY

INFLATION—STUDY OF U.S. METHODS OF CONTROL

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question I should like to address to the Prime Minister. In view of the statement made last night by the man who has been appointed by the government to control the increase in the cost of living, the Chairman of the Prices and Incomes Commission, that Canada has done worse than the United States in controlling inflation—

Mr. Speaker: Order, please. I have to bring to the attention of the hon. member

that it is irregular and contrary to long established practice during the question period to ask questions in the form now used by the hon. member. A question has to be asked directly. It should not include statements or declarations made outside the House.

Mr. Hees: Mr. Speaker, I quite agree with Your Honour. We would prefer to proceed immediately to our questions, but the members of this government have to be filled in before we can ask them. My question is: Is it now the intention of the government to study very carefully the methods being employed by the United States to control inflation so that the methods being used by Canada can be improved as much as possible?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with regard to the part of the question which was bootlegged in, I can see the context. It is obvious that Mr. Young was talking about Canada and the United States but not about the Canadian government. The Canadian government, I submit, has done considerably better than the United States government in controlling inflation. However, in Canada there are also provincial governments and the private sector of the economy, as well as the international flow of economics, which also cause inflation. But as far as the federal government is concerned we have done beautifully.

Mr. Hees: A supplementary question, Mr. Speaker. In view of the Prime Minister's answer I would simply ask him this: Does he ever get a stiff neck from keeping his head in the sand for so much of the time?

EXTERNAL AFFAIRS

GREECE—PROTEST RESPECTING TORTURE OF PRISONERS

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. Following the recent report of the European Human Rights Commission, which stated that the government of Greece is currently practising, as a normal administrative procedure, the torture of prisoners in their jails, has the Canadian government issued any kind of protest to this fellow member of NATO?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not seen this report of the commission but I will consult the Secretary of State for External Affairs about the matter.

Mr. Andrew Brewin (Greenwood): A supplementary question, Mr. Speaker. In view of the obligations of NATO countries, and in light of this report, will the government consider taking action within NATO to ensure that these practices cease or, in the alternative, that Greece no longer remains a member of NATO?

[*Later:*]

Mr. Broadbent: Mr. Speaker, I should like to clarify a question I put to the Prime Minister. Once he checks into the report of torture in Greek prisons, is it the intention of the Prime Minister, if the report is confirmed, to file a protest with the Greek government?

Mr. Trudeau: The intention I expressed was to discuss the matter with the Secretary of State for External Affairs.

NATO—EMPHASIS ON NUCLEAR RETALIATORY ROLE—POSITION OF GOVERNMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to address a question to the Prime Minister regarding NATO and reports that NATO intends to emphasize its nuclear retaliatory role. Does this indication of intention affect the decision of the government of Canada to drop its nuclear role?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. We announced that our nuclear role would be phased out and that remains our decision.

Mr. Stanfield: A supplementary question, Mr. Speaker. Is the government of Canada involved in the current discussion within NATO which evidently has as its goal the upgrading of the nuclear capability of the alliance in Europe?

Mr. Trudeau: Mr. Speaker, I would have to check whether we are currently involved in this discussion. I do know that there is a committee of NATO, composed of a group of NATO countries, some of which have nuclear capability and others not, which has discussed the strategy of NATO in the nuclear area, but I do not think that Canada is at present a member of that committee.

Mr. Stanfield: A further supplementary question. Is the government of Canada prepared to participate in discussions relating to NATO's nuclear role?

Mr. Trudeau: Mr. Speaker, we are not a member of that committee, but if we were

admitted to membership on the committee we would naturally put forward our point of view. Our point of view is the one stated in the House, namely, that as far as Canada is concerned we have decided that we should phase out our nuclear role in NATO.

CANADIAN CONSTITUTION

BRIEFING OF MEMBERS PRECEDING CONFERENCE

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that the federal-provincial conference commences next Monday, would the Prime Minister consider holding a briefing session for all Members of Parliament on the position of the federal government, similar to the one held in regard to the white paper on taxation?

Some hon. Members: Ho, ho, ho!

Mr. Brewin: Don't worry; we already know it.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I informed the House that I would table the government position tomorrow. We would be prepared to have this position explained to any Members of Parliament who are interested, though I observe that the NDP does not appear to be interested. We would be prepared to have officials brief any member of any party who wants to understand the government position before starting to cry "ho, ho, ho".

THE CANADIAN ECONOMY

INFLATION—CONSULTATION WITH PROVINCIAL PREMIERS ON LEGISLATION TO CONTROL PRICE INCREASES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I might point out that the "ho, ho, ho" came about because a meeting has already been arranged and announced. That was the reason for the exclamation.

May I direct a question to the Minister of Finance, one of which he took notice a week ago today. I asked the minister whether he had made representations to the premiers of the various provinces in regard to whether they would be willing to introduce enabling legislation to give the Prices and Incomes Commission concurrent power to deal with unjustified price increases?

An hon. Member: Here comes Santa Claus.

[Mr. Trudeau.]

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, as I promised the hon. member, I did look into this question. I have had no direct correspondence requesting this kind of permission. As the Prime Minister has indicated, there is to be a further federal-provincial meeting early next year at which this general question will be discussed. I should also like to inform the hon. member that the ministers of finance and provincial treasurers are intending to meet following the constitutional conference next week, and this question will undoubtedly come up in our discussions.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question. In view of the fact that the minister's answer was about what was going to happen in the future and inasmuch as he has been complaining for a year that he does not have the necessary power, may I ask the minister why no appeals have been made to the provinces to introduce concurrent legislation granting power to deal with rising living costs?

Mr. G. W. Baldwin (Peace River): Mr. Speaker, could the minister indicate how high, in his opinion, the cost of living will be permitted to go before it becomes so unacceptable as to warrant some action being taken by the government?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

BROADCASTING

EDUCATIONAL TELEVISION—INQUIRY AS TO AGREED DEFINITION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I was going to ask a supplementary question but it was not really a supplementary question and would have been ruled out. Therefore, I ask it directly of the Secretary of State. Will he indicate whether in fact there was an agreed definition of educational television, as reported in the press today, between the government and the various provinces? Is it the minister's intention to make a statement in the House or in a press release outside the House, and was this definition unanimous?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Yes, Mr. Speaker, the definition has been unanimously approved by the provinces and the federal government. I have not yet con-

sidered whether this question would be of sufficient interest to the House to justify a statement on motions, but I am quite willing to consider this possibility.

[*English*]

Mr. Nowlan: Mr. Speaker, I will not comment on whether it is important enough for the House, but educational television is important for the country. Does the definition now open the way for various provincial bodies to use the CBC as an agent for educational television?

[*Translation*]

Mr. Pelletier: The possibility already existed, but an agreement would greatly facilitate the arrangements the provinces themselves have asked us to make to ensure educational television broadcasting.

[*English*]

TRANSPORT

IMPLEMENTATION OF PART III OF NATIONAL TRANSPORTATION ACT

Mr. Charles H. Thomas (Moncton): Mr. Speaker, now that the Minister of Transport has had the benefit of two days of what I have been informed were very fruitful discussions with his provincial counterparts, will he tell the House when we may expect the implementation of Part III of the National Transportation Act?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, we have just concluded very fruitful discussions with the provinces during which it was noted that the federal intention was to declare Part III when negotiations are completed, perhaps within a matter of a few weeks. Perhaps this will take place in January or February.

NORTHERN AFFAIRS

NORTHWEST TERRITORIES AND YUKON—RECOMMENDATIONS RESPECTING GOVERNMENT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, now that the Right Hon. Prime Minister has had an opportunity to meet personally with the members of the Yukon council, can he inform the House whether the government has been persuaded to accept some of the reasonable recommendations in respect of greater self-government for this body?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the meetings which took place yesterday were the occasion of a good exchange by members of the Council and the government members present. I think I can say there was general agreement by the council in respect of the position taken by the minister, except on two points. We have already agreed to accept the Council's recommendations for change on one of the two points, and we have said we will consider the other point.

Mr. Dinsdale: Mr. Speaker, will the Prime Minister indicate at this stage whether there will be a similar change in plans for the Northwest Territories?

Mr. Trudeau: There have been no representations by the Northwest Territories on this particular statement by the minister, Mr. Speaker. Therefore, I do not know what particular things they would want us to change.

Mr. Dinsdale: I am speaking of representations by members of the Northwest Territories Council.

PENSIONS

REQUEST FOR INTERIM INCREASE PENDING WHITE PAPER ON SOCIAL SECURITY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that having to wait for the government to produce the white paper on social security is resulting in considerable delay in increasing the amount of the old age security pension, I should like to ask the Minister of National Health and Welfare whether the government will consider granting an interim increase in those pensions as a way of saying Merry Christmas to our retired people?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as the hon. member is aware, there is acceleration in benefits in accordance with the cost of living index for old age pensioners.

Some hon. Members: Ho, ho, ho!

Mr. Munro: The hon. member is further aware that under the Canada Assistance Plan the federal government shares equally with the provinces any increased benefits payable to people in need.

Mr. Knowles (Winnipeg North Centre): I will not comment on the $1.58 increase, Mr. Speaker. Is the government going to do anything at all at this session for our retired people—anything at all?

Inquiries of the Ministry

HARBOURS

ROBERTS BANK, B.C.—FEDERAL GOVERNMENT RIGHT OF ACCESS

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, in view of the fact that the federal government's right of access to the superport at Roberts Bank expires at the end of this month, and in view of the fact that several millions of dollars have been spent on the project, will the Minister of Transport advise the House whether permanent access to the port has been acquired by the federal government?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the first two premises are not entirely correct. In respect of the third, the main part of the question, negotiations are still proceeding with the Government of British Columbia.

TRANSPORT

BORDEN-TORMENTINE FERRY SERVICE—LABOUR UNREST—CONTINUITY OF OPERATIONS

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to ask the Minister of Transport whether he has evolved a system satisfactory to the government of Prince Edward Island which will guarantee continuous operation of ferry service to that province at times when it might otherwise be interrupted by labour difficulties?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, while I am not at all certain at the moment whether negotiations proceeding today have reached an amicable solution, the indication is that they are headed in that direction and when a solution is found it will be one meeting the requirements set out by the hon. member.

Mr. David MacDonald (Egmont): Mr. Speaker, I wonder whether the minister could specifically assure us that the removal of the *MV Confederation* from the home port of Borden will not take place or be disadvantageous to the number of employees presently engaged on that ship?

Hon. Donald C. Jamieson (Minister of Transport): At the moment, Mr. Speaker, this is a matter entirely for the negotiations to which I referred. I repeat that I believe these negotiations are going satisfactorily and that the result will be somewhat close to what the hon. member has requested. I would prefer not to say anything specific because I will not really know the answer until the negotiations are completed, I hope some time today.

[Mr. Knowles (Winnipeg North Centre).]

[*Translation*]

OFFICIAL LANGUAGES

APPOINTMENT OF COMMISSIONER

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I have a question for the Secretary of State.

Is he in a position today to announce the name of the Commissioner of Languages?

Hon. Gérard Pelletier (Secretary of State): Not yet, Mr. Speaker.

[*English*]

SHIPPING

SINKING OF FISHING VESSEL—REQUEST FOR STATIONING OF RESCUE SHIP AT SYDNEY, N.S.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I have a question for the Minister of Transport. This is his busy day, I guess. In view of the fact that another five lives were lost in the most recent marine disaster a few miles off the coast of Sydney, will the minister now give consideration to the stationing of a permanent search and rescue vessel in Sydney harbour?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. Considerably before this unfortunate accident occurred I had asked for, and indeed it is under way, a study of how we might improve search and rescue facilities. There was a new ship launched a few days ago which is to be employed in this service. No ultimate decision has been reached as to where she will be stationed. If Sydney turns out to be the spot where she can do the most good that certainly will be it, but we do not know yet which is the best way of dealing with the matter.

CAPE BRETON DEVELOPMENT CORPORATION

ESTABLISHMENT OF CO-ORDINATING COMMITTEE

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, in view of the fact that Devco has been given further burdens in respect of financing, will the Minister of Regional Economic Expansion now take immediate action to set up the co-ordinating committee agreed to over two years ago?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the setting up of these co-ordinating committees had been anticipated even prior to the creation of Devco. Neither the province nor ourselves have felt the need so far of establishing that advisory committee. We will do so as soon as we deem it necessary.

[*English*]

Mr. MacInnis: Mr. Speaker, it is difficult to ask a supplementary question without making an observation. The minister suggests there is no need for a committee, yet outsiders are being hired by Devco replacing—

Some hon. Members: Oh, oh!

Mr. MacInnis: —those who the minister indicated the other day were laid off. Will the minister now indicate—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

An hon. Member: Speak up.

Mr. Speaker: I am very grateful to hon. members for their assistance, but I suggest we might give the hon. member an opportunity to ask his question.

Mr. MacInnis: Will the minister now take steps to discourage the hiring of these outsiders brought in to replace displaced Devco workers?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, the hon. member knows that Devco is an independent crown corporation whose management therefore must be carried out independently of the government. My only responsibility is to report to the House on steps taken by this company as I am not empowered to do the hiring for Devco.

[*English*]

Mr. MacInnis: Mr. Speaker, I would ask the minister why, when speaking the other day of the freeze, he tied in the Crown companies with the Public Service and—

Mr. Speaker: Order, please.

Mr. Muir (Cape Breton-The Sydneys): A supplementary, Mr. Speaker—

Mr. Speaker: Order. We will shortly be running out of time. However, the hon. member might put his supplementary.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, could the minister advise whether he has yet found a chairman for the board who would be qualified to straighten out some of the problems which are arising?

Mr. Marchand (Langelier): We are making progress.

THE CANADIAN ECONOMY

INFLATION—INQUIRY AS TO ESTABLISHMENT OF COMMITTEE ON PRICE STABILITY

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Consumer and Corporate Affairs whether he intends to proceed with the establishment of a parliamentary committee to consider the question of price stability, which I understood was to be part of the program followed by the government? I ask this question particularly in view of the apparent failure of his other anti-inflationary measures. Does the minister propose to have this committee established and, if so, at an early date?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I do not of course accept the premise of the hon. member's question. It is rather disappointing that he tries from time to time to pour scorn on the Prices and Incomes Commission.

Mr. Stanfield: I have not tried to yet.

Mr. Basford: In so far as the question is concerned, I thought I would be able to count on a more co-operative and more helpful attitude from the Leader of the Opposition.

Mr. Hees: Just answer the question.

Mr. Basford: The answer is yes.

PATENTS

ALLEGED COLLUSION BY PHARMACEUTICAL MANUFACTURERS IN NOT APPLYING FOR LICENCES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. I should like to ask the minister whether he can indicate to the House if he is investigating the very serious and important matter of the apparent collusion of members of the Pharmaceutical Manufacturers' Association in not applying

for drug licences under the revised Patent Act passed last session, and could he make a report to the House later this week?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am not familiar with the report that obviously prompted the question. If the hon. member has information which he thinks I should have, I wish he would give it to me immediately. Pursuant to the amendments to the Patent Act made last session, we have received some 50 applications for compulsory licences. Those 50 applications are being processed by the Commissioner of Patents. If the hon. member has some information in respect of collusion, I would certainly like to have it.

TRANSPORT

COAL—APPLICATION BY GREAT NORTHERN AND KOOTENAY ELK RAILWAYS

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of Transport. Has the Canadian Transport Commission received an application from the Great Northern Railway Company and the Kootenay Elk Railway Company for permission to build lines into the United States and back into Canada at the Pacific coast for the purpose of carrying coal to the Pacific coast via the United States?

Mr. Speaker: The question should be placed on the order paper.

HEALTH AND WELFARE

MEDICARE—DIVERSION OF MONEY TO HEALTH RESOURCES PROJECTS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address this question to the Minister of National Health and Welfare. As a result of a number of statements which have been made I should like to ask him whether there was at any time any suggestion on his part or on the part of the government that some of the money paid to the premier of the province of Ontario for medicare be diverted to make up for the withdrawal of federal funds from the health resources fund.

Mr. Speaker: Order, please.

CANADIAN CONSTITUTION

MUNICIPAL REPRESENTATION AT CONFERENCES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct this question to the Prime Minister. In view of the fact that the province of Ontario will be having municipal representation at the coming federal-provincial conference, can the Prime Minister now state that it is government policy to have at future federal-provincial conferences municipal representation as requested by the provinces?

Mr. Speaker: I am not sure whether the hon. member's question refers to the immediately forthcoming conference. If not, I would think the question should be placed on the Order Paper or a statement made in due course.

Mr. Alexander: Mr. Speaker, perhaps I might rephrase the question. In view of the fact it has been stated that the province of Ontario will have municipal representation at the coming federal-provincial conference, can the Prime Minister now state whether it is the policy of the federal government to welcome and accept municipal representation at federal-provincial conferences.

Mr. Speaker: I suggest to the hon. member he is asking for a policy statement which is not immediately urgent.

SCIENCE SERVICES

INQUIRY AS TO ESTABLISHMENT OF MINISTRY

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, in the absence of the Secretary of State for External Affairs I have a question for the Prime Minister. In the light of the report to be released by the United Nations Organization for Economic Co-operation and Development are the minister and the government actively considering the establishment of the position of minister of science?

Mr. Speaker: This is the type of question which could well be placed on the Order Paper.

CONSUMER AFFAIRS

PROFITS OF FARM EQUIPMENT MANUFACTURERS

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I should like to direct my question to the Minister of Consumer and Corporate Affairs. Can the minister say whether the government will instruct

the Prices and Incomes Commission to examine, as requested by the Saskatchewan Farmers Union, the inflationary profits made by the farm equipment manufacturers?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): There is a report which my colleague the Minister of Agriculture will be dealing with very shortly on the question of prices of farm machinery. I think it would be premature to decide to do anything until we see that report and analyse it.

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I have a supplementary question for the Minister of Consumer and Corporate Affairs. Has he considered the anti-inflationary policy of the Minister of Finance in order to determine whether this includes the approval of unsolicited offers of personal loans by finance companies which urge people across the country to borrow money at high interest rates at this time of the year when there is a high degree of spending?

Mr. Speaker: Order.

Mr. MacInnis: Mr. Speaker, may I rise on a question of privilege?

Mr. Speaker: The hon. member for Cape Breton-East Richmond on a question of privilege.

Mr. MacInnis: The Minister of Regional Economic Expansion just made a distinction between Crown corporations and the public service. I should like to refer to the minister's reply to me on November 26, 1969 when he had this to say as recorded at page 1273 of *Hansard* in the first column:

> Mr. Speaker, there has been a freeze on hirings at Devco as well as in most government departments and Crown Corporations for over a year.

Today, the minister has tried to separate Crown corporations from the public service when last week he linked them together. I think the least we can expect is an honest answer.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. I must bring to the attention of hon. members that there is some measure of disorder in the House during statements made by hon. members. I would invite them not to forget what the rules and practice of the House are regarding exchanges across the floor.

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed from Tuesday, December 2, consideration of the motion of Mr. Gray that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, last night when the House rose I was discussing the problem of transportation and the thousands of cars that were travelling from the Georgian Bay area—I notice in *Hansard* it is shown as "Thunder Bay" when it should be "Georgian Bay"—to Toronto and the general Lake Ontario area to the west and the east. I pointed out that there would be roughly well over one million people going to work morning and night using motor cars which carry from one to four or five people, each of these cars spewing out poisonous gas from their exhausts.

• (3:20 p.m.)

When one considers, as I stated last night, that this is the industrial heartland of Canada and that almost one third of the federal income tax comes from that area, one realizes that not only is it a very important area but also becoming a congested one. With the density of the population increasing, by the year 2,000, according to the statisticians and the information that we have received, the area will be almost solidly built-up from Lake Ontario to Georgian Bay.

I do not believe that we are looking at this matter in proper realistic fashion. As I said before, there are numerous railway lines and roads going out of Toronto. Paralleling one another there is highway 400, highway 27 and highway 11 going north, and going west there is highway 401 and several other highways. Again, paralleling those are the railway lines. All we have to do is to think for a minute of

the problem which, according to some people, is the greatest problem confronting us today, namely the problem of pollution, particularly air pollution.

You will see hanging over our cities great clouds of air pollution—Toronto is a good example. Every one of the cars that travel along the roads contributes to the pollution. A great many of these cars are used by people who go to work in Metropolitan Toronto. Anyone who has had the experience of travelling in the rush hour in Toronto will know that it takes just about as long to get out to the city limits as it does to travel over the next 60 miles. There is a congestion of cars travelling at a snails pace, pouring out poisonous gases which form a cloud over our city.

I say that the government today is very lax in bringing out a Canada water act and not bringing forth a Canada air pollution act. All you have to do is to drive into those cities and look them over. You will find a great cloud handing over them because all the poisonous gases rise up and form an umbrella. Then, condensation takes place, a fog forms over the area and finally comes down. I say to the government that the railway companies are derelict when they allow the abandonment of railway service, thus forcing people to use their cars to a greater extent to go to and from work, causing more congestion on the roads. This is the age of automation and of motor car travel. Very shortly this area will become so polluted we will have to devise ways and means to get all these people to work so that not only the whole city but surrounding area will not be poisoned as it is now to the point where many respiratory diseases such as emphysema are on the increase. Air pollution also contributes to many other respiratory diseases and may play a significant role in others.

The hon. member for Meadow Lake (Mr. Cadieu) made a very moving speech on behalf of his constituents. As he pointed out, the railway officials have been derelict in not listening to the people who live in that area. The same thing is occurring in the area to which I have drawn the attention of the House. Not only does it include Toronto but also the Hamilton area, and I am surprised that some hon. members on the other side of the House have not spoken on this subject because it certainly concerns them also.

Members of the provincial legislature are concerned about the matter, such as the member for Simcoe Centre and the member for Simcoe East. I believe also that the hon. member for York-Simcoe (Mr. Roberts) was one of those who took a train ride on the Go-Go Special which proved very conclusively that this train can be run at a profit. I am saying that railroad specialists have been hypocritical and the government has been derelict in allowing the railways to abandon railway lines, thus allowing the atmosphere to be polluted because more people are forced to use their cars to get to work. As the Minister of Transport (Mr. Jamieson) indicated, this area may very well be the site of a new airport which will add to the pollution of the area and to traffic congestion. In addition, in the four summer months many tourists come to the area, bringing with them thousands and thousands of dollars to spend in Canada. They come in in their motor cars, further polluting the air and adding to traffic congestion and traffic accidents.

Surely, something can be done to provide better service for people in that area. For example, the Northland Railroad could be utilized for this purpose. I have here in my hand a document entitled "The Ride of the Go-Go Special; a Test Run for Commuter Service". The railways are saying that this service is not economical and they are dissuading people from using it. They do not provide good service on it and they do not invite us to use it, nor are they trying to make things comfortable for passengers. In fact, it is just the opposite. I want to say to the House that this particular service pays its way. A test run was made at the expense of private individuals to prove that it could be run efficiently and economically, that in this way air pollution could be cut down, and that in the long run it would save the government millions of dollars in expense besides giving a worthwhile service. I warn the government that sooner or later they will have to take steps to combat air pollution in this area. They already have to do it in London and in other congested areas.

The results of the test run are very interesting. The total gross profit from the run amounted to $892. At one time transportation was the right of the people. Here is a service that pays for itself. I say that if the federal government and the provincial government, if necessary, do not co-operate to control air pollution, and traffic congestion they will be derelict in their duty and the people should force them to take action.

I should like to conclude by saying that since this service has been tested at the expense of private individuals and not with

government funds, it is a proven method of transportation which people will use—if given the opportunity and proper service—and will be meeting and dealing effectively with the problems of tomorrow. You, Mr. Speaker, know that to drive a motor car costs about 15 cents a mile. These people can ride to work on the railroad for approximately three cents a mile. They will use such a service, and it will cut down on the pollution on which, sooner or later, the government must take action. It has already taken action by means of the Canada Water Act; the next thing will be a Canada air pollution act.

• (3:30 p.m.)

I say to you, Mr. Speaker, that the powers that be in transportation had better take a long look at their methods of discontinuing passenger lines, and giving poorer and poorer service so that the public will not use the remaining lines. The people have a right to expect better than this. The government should immediately get busy before we have a huge problem that will cost us millions of dollars to solve.

Look at the water pollution that we have now. We are suffering millions of dollars of loss because of it. We do not know yet what our losses will be because of air pollution. I conclude by saying that the Department of Transport and the government had better get busy and examine their policy with respect to the closing of railway lines and the calling of services and the cutting of services.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I do not wish to belabour this debate on Bill C-7, but since the bill was first presented I have received a large number of letters and telegrams from people, particularly in Edmonton and the surrounding areas, who are going to be affected by the elimination of passenger service in Canada. At this time I would like to read into *Hansard* two press releases. The first is a press release from a meeting of the members of railway unions on the elimination of CNR trains Nos. 5 and 6, the "Panorama", held in Edmonton on November 14, 1969. I quote:

The elimination of Canadian National Railways trains No. 6 and No. 5, the "Panorama" has been the subject of a meeting held in Edmonton today attended by representatives and members of Railway Labour Unions and others concerned with a loss of important railway transportation service to communities, towns and cities across the country.

At a time when the matter of public transportation is being given intense scrutiny in order to determine the requirements of the travelling public an important service is to be dropped increasing the burden on remaining available transportation facilities which are in turn in the process of being considered for abandonment.

A large number of railway employees with up to ten or more years of service will be laid off increasing the number of unemployed in our city. As an example: the number of employees in Edmonton actually operating the trains to be eliminated numbers 40. Add to this all of those involved in other departments and the numbers are substantial.

All of the railway employees involved are members of a community who works to provide service to their community making them more than just employees and it is because of this fact that we met today to ask other members of the community to question the whole matter of transportation in order to determine what direction it is headed.

We urge our fellow citizens to write to their members of parliament, to ask questions of those whose responsibility it is to provide them with a decent way to go from one place to another and to request that investigation be continued by appropriate committees as to just what is happening to the public transportation dollar.

Subsidization of public services is an accepted fact. They must be maintained in the interest of the public good and well-being. Railway service is the only available means of transportation which a great number of Canadians can afford to use and it is incumbent upon the country to provide it.

We request those who use our railways to join us in protesting elimination of services in a haphazard manner. It is a loss to their way of life; it is a loss of our livelihood.

The second press release is titled, "Incredible Canadian." It is an article by an outstanding columnist on the Edmonton *Journal*, Art Evans. I quote:

—another "Incredible Canadian" is in the news.

I refer to the CPR's transcontinental "name train" which the company claims lost $19.6 million in 1968.

The figure may be accurate but it seems incredible in view of the tales one has heard about requests for space being turned down because none was available. These gave me the impression that The Canadian was doing a brisk business.

This impression was supported on several occasions last summer when I had an opportunity to watch The Canadian pass through Calgary. There were faces looking out from every window but perhaps they were only painted on to conceal the sad truth that, inside, the train was practically empty except for crew members. In fairness to the company I must admit that I was only a trackside watcher and did not actually walk through the coaches counting "real" passengers. And so it is entirely possible that my impression of The Canadian as a busy carrier was quite mistaken.

Still, if all those faces at the window were real and represented flesh-and-blood passengers, an operating loss of close to $20 million does seem somewhat on the high side. One is curious to know every detail of the costing formula applied.

For example it would not be fair to charge against The Canadian the cigars smoked by William Van Horne during the building of the railway, or the refreshments (if any) served at the last spike ceremony in 1885. It is not suggested such charges are included in The Canadian's operating costs but official assurance on this point would be welcomed by the public.

Presumably, Canada's Transportation Commission will closely examine passenger loss figures submitted by the railways in applications to abandon certain services. What follows next should be determined by the commission's findings.

I have many other letters of protest here. One is from John L. Pickett, Secretary-Treasurer local 861 of the United Transportation Union. There is one from Mr. Ralph Dent, President, Brotherhood Railway Carmen of the United States and Canada. There is another from Mr. English, Executive Secretary of the Edmonton and District Labour Council I could read quite a few of these letters into the record, Mr. Speaker.

Obviously what is happening is that the government is hiding behind the CNR. The government should simply tell the CNR that it will not allow essential rail services to be cut. Instead, the government is washing its hands, taking the attitude that it is none of its business. What of the people of this country? What of the many hundreds, even thousands in western Canada, deprived of rail service because of the government's failure? We have had the same story from the government for too long. To hear this government, it has no control over anything.

A few days ago the Secretary of State (Mr. Pelletier) appeared before a committee and said the government had no control over the Company of Young Canadians. The government has no control over the CBC. The only thing the government makes any effort to control is the press. It set up a committee to do that. As we heard today, the government has no control over Devco. The government has cut itself off from reality. Recently, the Prime Minister (Mr. Trudeau) went out to the mountains and delivered himself of some observations on genetics of the future. He said humans would be produced in the same way as chickens are produced. I feel my hon. friend from Huron would be a greater expert than the Prime Minister in that respect.

• (3:40 p.m.)

This statement is not surprising since the Prime Minister views the taxpayers as so many chickens. His government has been plucking them like chickens for some time.

[Mr. Paproski.]

He said his party was a supermarket of ideas. At times it sounded more like a bargain basement.

These projected rail cuts have aroused a great deal of resentment in western Canada. I want to call the attention of the Minister of Transport (Mr. Jamieson) to a statement made by D. N. Secord, Secretary-Treasurer of the Canadian Brotherhood of Railway, Transport and General Workers. He is a union official and represents a great many of the people who will suffer if the CNR goes ahead with these cuts. He said, and I quote from the Ottawa *Citizen* of November 11:

It is folly even to consider such drastic cuts in train passenger runs at a time when our highways and airways are becoming dangerously overcrowded.

Surely, the government must be aware of this. I am one of those who, on occasion, has seen fit to register complaints about air service both east and west to and from Edmonton. Now, the CNR is going to make the situation worse by reducing rail service.

At times it is almost impossible to get accommodation either by rail or by air. Certainly, this is no time to be cutting out essential passenger service. As Mr. Secord pointed out, the CNR logged over 2,000,000 passenger miles last year. Surely, the Minister of Transport is aware that even a small part of this load would bog down the airlines completely. After all, he has his Newfoundland Bullet, why should he deprive western Canada of service?

For far too long the CNR and the CPR both have made these decisions in their own interests, rather than in the interests of the affected taxpayers. It is time the government stepped in and asserted its authority. The answer is, of course, that the CNR wants to reserve the railways for more profitable freight traffic because they feel passengers can be transported more cheaply by bus. Since the railways generally have a piece of the bus lines, they cannot lose.

As far as the public is concerned, the railways are still echoing Commodore Vanderbilt's remark: "The public be damned." He was a railway magnate, also. But times have changed, and the people in this country have some rights. They are not going to be deprived of essential services by high-handed railway decisions. Transportation and communication are two of the most essential services in a modern state. I point out to the minister that this steady cannibalization of rail services is going to end in disaster.

The elimination of essential lines serving a major metropolitan area like Edmonton is a slap in the face to one of Canada's major cities and a blow to development. When British Columbia came into the Dominion in 1871, one of the conditions was the establishment of essential rail services within ten years. Now, the CNR is attempting to whittle away at services at a time when growing population and shipping demands must be met.

The railways remain Canada's principal means of transportation and retain a crucial role in opening up new areas. An example was the 400-mile Pine Point Railway opened in 1964, opening up a rich new copper and zinc find for processing and distribution. The 230-mile Alberta Resources Railway is another example where public confidence in the country's future spurred the building of new facilities.

In 1966, the railways moved 41 per cent of Canada's freight, compared to 9.4 per cent moved by trucks. Surely, they are getting their share of freight haulage. The less lucrative passenger lines have been steadily removed. In 1966, for example, the railways moved only 3.9 per cent of passenger traffic, compared to 84 per cent moved by automobile, 5.3 per cent moved by bus and 6.5 per cent moved by air. When you look at the human factor, and this is something the railways seem to forget, you find that the railways employ 150,000 Canadians; they have a $1 billion payroll; they have revenues of $1½ billion and they have expenses of $1.4 billion.

When you look at passenger and freight service in terms of volume, you find that in 1960 the railways carried 158 million tons; in 1968, they carried 224 million tons; in 1960, they carried 19 million passengers, and in 1968, they carried 22.5 million passengers. The picture, then, is a constant expansion on the freight hauling side and a moderate expansion in passengers. But even so, surely with 22.5 million passengers, that traffic cannot be a total loss. As far as can be seen from the figures, the railways are taking more and more out of the country and putting less and less back in.

One hundred years ago, they promised they would take Canadians for a ride—they are still taking Canadians for a ride! It is time the government stepped in and laid down the law to these autocratic power barons with single-track minds. We have a railway Tsar in this country and the Minister of Transport is the Tsarovich, that is the son of a Tsar. The Tsar is a former government minister, the former member for Bonavista-Twillingate, whose memory has been overshadowed by the achievements of the present member for Bonavista-Twillingate (Mr. Lundrigan).

Why does not the government call on the chairman of the Transport Commission to exercise the enormous and autocratic powers they gave him? The time has come to enforce a square deal for Canadians—not a square wheel, such as we have been getting. I say to the minister through you, Mr. Speaker, act now!

Mr. Ross Whicher (Bruce): Mr. Speaker, I had really no intention of taking part in this debate until I heard the hon. member for Edmonton Centre (Mr. Paproski). I want to say to you and the members of the House that I agree almost completely with what he said.

I would just remind members of this House, in talking about the railway situation in Canada, that a hundred years ago there was a fellow by the name of Sir John A. Macdonald who united this Canada of ours by building not one, but two, railways from Halifax to Vancouver. He did not have the money to do this nor did he have the machinery, but he went ahead and did it just the same. Today, in my opinion, the leaders of our railways are tearing up those lines. Mr. Speaker, that is not the way I would develop Canada. I agree whole-heartedly that there are two sides to the question. I agree we cannot continually carry lines that lose money on a day to day basis. On the other hand, I think there is a half way measure that railway leaders should accept.

One of the things the leaders should accept is a deal made 100 years ago which has been renewed many times. This deal was a two way street with the government giving so much and the railways agreeing to give so much. I think the government—otherwise the people of Canada—have held up their end of the bargain but I am not at all sure that the Presidents of the Canadian National Railways and the Presidents of the Canadian Pacific Railway kept their end.

May I say, Mr. Speaker, that I know as an absolute fact that in many small areas in the province of Ontario certain documents were signed many years ago. When I say "many", I mean 40 or 50. In these documents the Canadian Pacific Railway and the Canadian National Railways guaranteed service to particular towns or villages as long as the waters

went down the creek, as long as the moon shone, or whatever it may be. In return the railways received several thousands of dollars from the municipalities concerned in order to have the railway lines go through. Now I say, Mr. Speaker, that if the Canadian National Railways or the Canadian Pacific Railway is going to stop this service they had better think about repaying some of that money.

Some hon. Members: Hear, hear.

Mr. Whicher: We have their signatures right on the line. Governments can change, and policies can change but as far as the Canadian Pacific Railway and the Canadian National Railways are concerned, documents signed 50 years ago should be good today. I do not think they are doing a very good job.

• (3:50 p.m.)

A moment ago I said that some railway lines in Canada must be abandoned. Operations over them must cease, as we all agree. Many such lines have already been abandoned. Nevertheless, as representatives of the people of Canada we have the obligation of telling the government that the Canadian National and the Canadian Pacific should abide by their obligations. The railways were a party to the contracts and we, members of Parliament who represent various constituencies in this country, are under the obligation of telling the government that our two major railways have not done at all badly. One, in particular, which is privately owned and works on a free enterprise basis, has not done at all badly. I say this in a kindly way because I appreciated the speech the hon. member for Vancouver East (Mr. Winch) made yesterday. I think he made an outstanding oration and put before us many outstanding facts which those of us who have not been here as long as others were glad to hear. I think the government and the heads of the railway companies would do well to heed his observations.

May I say this in conclusion, Mr. Speaker. Our railways, the Canadian Pacific and Canadian National, are under an obligation to carry out their side of the bargain and we, as members of the House of Commons, must insist that if we are to keep to our side of the bargain the railways must fulfil theirs.

Mr. John Burton (Regina East): Mr. Speaker, this bill has now been the subject of extensive debate. I gather there has been some disposition on the part of certain members of the government, and in particular the government house leader, to question the necessity and propriety of debating this matter to the extent that it has been debated. But, I think, to fail to recognize the need for this debate is to fail to recognize its significance.

I think that there are some significant aspects and implications which arise out of the debate that has taken place. I think, in the first place, that it of course demonstrated the very obvious factor of the importance of the transportation industry to Canada and the importance of the railway industry in particular. I think the second point of significance to be noted is that the contributions that have been made from all corners of this House indicate that in fact there is some considerable degree of discontent with the service that has been provided by the railways of this country, including the CNR company with which we are dealing today. I think the third point of significance that should be noted is, in fact, that there is an anomaly in our transportation structure and in the workings of the railway industry in Canada today which is borne out by the fact that we have two major railway companies supposedly competing with each other in some areas of operation, but each in fact is in the other's way thus making it every difficult to provide the type of efficient, economical service which is so necessary if we are to operate the Canadian economy on the best possible basis. Of course, I think this leads to the logical conclusion and to the point that has been made by this party in this House on more than one occasion, namely, the necessity to nationalize and bring into public ownership the Canadian Pacific Railway Company.

Today, Mr. Speaker, we are of course dealing with the operations and capital budget of Canadian National Railways. There is no need to go into the history of the Canadian National Railways at this time. The fact is that the railway was born when a reluctant government took over a number of bankrupt railway operations, bankruptcies which were the result of mistakes of government policy, in large measure, in the years prior to the 1920's. The government and Canadian National Railways have had to bear ever since the burden imposed as a result of errors of Canadian governments and Canadian public policy.

For many years when Canadian National Railways operated as a publicly owned enterprise there was something of an attitude of

disconsolate toleration towards it as a public enterprise. The railway was really something you could not do much about; you had to put up with it and operate it as best you could, while at the same time allowing ample scope for its competitor, the CPR, to have its own way in policy and operations. However, throughout the years it became apparent that as a result of the dedication of certain leaders in the Canadian National and the faithful service of many of its employees, the railway company was able to counteract some of the handicaps it worked under and some of the attitudes which were evident in government throughout the years. The result has been that over a period of years we have witnessed the development of a first-rate railway system in Canada.

I think the CNR rightly deserves the tribute of operating a first-rate railway system. It has proved beyond doubt that a publicly owned enterprise can be operated efficiently, in the public interest and to the benefit of the entire Canadian economy. This railway system was developed out of the salvage of the bankrupt systems to which I referred, in spite of the reluctance of governments throughout the years, in spite of debt loads which were foisted on the railway system and in spite of the political influence of the CPR. The CNR today is a first-rate railway system of which all Canadians can be proud. It has deficiencies, some of which I will deal with in a few minutes. But it is the leader in the transportation industry and transportation systems of this country and is in the forefront in technological developments involved in many areas of its operations. Its service has been generally good, although some questions could be asked about its rates, rate policy and freight rates in particular. Despite its freight rate policies throughout the years, its attitude has been one of providing service to people. For that it deserves tribute, and in that it stands sharply contrasted with its competitor, the Canadian Pacific Railway.

This contrast has been demonstrated most clearly in the CNR attitude towards passenger business. While there are some specific points of criticism that I could make regarding Canadian National Railway passenger operations, at the same time I think it can be said that the CNR has recognized that it is a publicly-owned railway system which has a responsibility to carry people as well as goods. In this, as I mentioned, it is sharply contrasted with the attitude of the CPR which now states that it wants to get out of the passenger business. We note, of course, the applications which have been made to the Canadian Transport Commission to discontinue most of the remaining few passenger operations in which the CPR is engaged. Of course, there are some members in this House who are quite suspicious of what the government is doing in this regard.

I might just mention here, Mr. Speaker, that I received, and I presume some hon. members received as well, a letter from the Canadian Pacific Railway Company recently. The letter in my hand was addressed to me at the House of Commons and in part reads as follows:

> Considerable public attention has been focused on the move by Canada's major railways in seeking to be relieved of the burden of uneconomic passenger-train services.
>
> To explain this move, we have prepared the enclosed booklet which outlines in layman's terms the statutory process for examining the railway applications.

The letter tries to justify the application made by the CPR under the terms of the new Transportation Act. Mr. S. M. Gossage, Vice-President and Senior Executive Officer of the CPR at Montreal, was kind enough to enclose with the letter a little booklet which had been prepared by his company outlining why the CPR was making application to discontinue its passenger operations.

• (4:00 p.m.)

It seems quite clear, Mr. Speaker, that Canadian Pacific Railway Company let the cat out of the bag when it sent this letter because, while it has some appearances of being a rather generous offer of doing whatever could be done to help those people who may be protesting the move made by that railway, it is pretty clear evidence that what the CPR is looking for is to get its fingers into the till of the Canadian public treasury. It wants to get the benefit of subsidies provided under the National Transportation Act for so-called uneconomic operations. A good many of us will be having quite a bit to say about that during the coming weeks as we examine the costing methods of the CPR and examine the discrepancies between the accounting methods of the CPR and those which have been established by the Canadian Transport Commission.

It is also rather ironic, Mr. Speaker, that we are now dealing with this application by the CPR to abandon virtually all of its passenger services when one considers some of the advertising by that railway. In particular, I draw Your Honour's attention to one CPR

advertisement which I am sure every hon. member in this House has seen. I refer to the advertisement in which they feature, as the main part of their theme, the phrase, "Serving you in so many ways".

If the CPR gets its way, and if in fact these applications are granted, I think that theme will no longer be valid, if it ever did have validity. Certainly, the CPR will have to change a good deal of its advertising program if in fact these applications are granted by the Canadian Transport Commission.

We might also note the record of the CPR with regard to providing boxcars for grain. This is of particular interest to my constituents and, indeed, the whole province of Saskatchewan. Generally, the services provided by the CPR have been of a much poorer standard and quality than those provided by the CNR. Here again, I think the CNR is to be commended on at least some aspects of its attempts at programs to provide boxcars for the movement of grain to the elevators in western Canada. They have at least made an attempt to be of service to the people.

There is also a contrast between the approach of the CNR and CPR in dealing with the matter of branch line abandonment. If one goes back over the history of this particular matter, it can be seen from the time of the early 1960's that the CNR did take a responsible attitude in dealing with this question. One might disagree with some of their points, but nevertheless their attitude and approach had some degree of responsibility. They attempted to inform governments and people of what they were going to do and of their long range plans. This was in sharp contrast to the CPR which attempted to play all of its cards close to its chest and start the ball rolling to carry out a massive program of branch line abandonment in order to increase the profits that the CPR would receive.

I have already made reference to the recent applications by both the CNR and the other railway company to abandon passenger services. This, of course, comes within the scope of our consideration of this bill because it does, after all, deal with investments to be made by the railway companies in facilities and equipment.

I have noted the recent applications with respect to Regina in particular. At present the city of Regina is served by the main line of the CPR. There is one remaining passenger service to that city, namely The Canadian. On the other hand, the CNR passenger operation

to Regina consists of a rail-liner connection with the CNR main line at Saskatoon. This is of considerable value for westbound passengers and passengers coming from the west who are able to travel on the CNR main line as far as Saskatoon. The schedules are then set up so that passengers may transfer to the rail-liner going to Regina. However, in a few minutes I intend to say something about the inadequacy of service for eastbound passengers who wish to use the CNR.

In looking at the various applications which were filed, particularly by the CNR, one notes that in fact the railways have not made an attempt to keep up with the needs of the times by introducing new modes and variations of service, for passengers when it became apparent that the old modes, which performed a very useful function at one time, were no longer adequate for the needs of people. One obvious example which comes to my mind is the Winnipeg-Churchill run of the CNR. According to schedules of the CNR, that railway still operates basically the same type of passenger train from Winnipeg to The Pas, and from there on to northern Manitoba points, as it has operated for years. The service has not varied very much. The service which is overnight, goes from Winnipeg through Dauphin, Kamsack, or Swan River, up to Hudson Bay and on to The Pas, and has been virtually the same for years. Of course, it is obvious that the CNR is losing money on this service. They claim that in 1968 their loss for this particular service, extending right up to Churchill, amounted to approximately $3.3 million. I am not in a position to quarrel with those figures. I believe they have some validity and they have to be taken into account by the railway in making its decisions regarding future operations.

Have the railways given adequate and serious consideration to alternatives in terms of services that might be provided? For instance, have they considered the possibility of making a main line connection from Melville north to Yorkton, Canora, Hudson Bay, then on to The Pas and thus having the connection to the north made with its main line train at Melville, Saskatchewan, a city in which I used to live. This city certainly has very adequate railway facilities and could act as a terminal point for this particular train service.

I am not suggesting that points such as Dauphin, Kamsack and Swan River should be left without train service. If my suggestion were accepted, it would certainly be much

easier to have a train operating out of Melville to northern points on the one hand and a rail-liner service provided to people living in the Dauphin, Swan River and Kamsack areas of Manitoba and Saskatchewan on the other hand. I have not heard whether the railways have given serious consideration to such a possibility.

I have certainly found in my own contacts with the railways that the CNR in particular has been quite prepared to innovate and develop new services when they have been shown that they have a good chance of success and that they are needed by the public. At the same time there has also been a reluctance, and a rather queer sort of reasoning on occasion, when turning down proposals for new services. I will give an example of that in a few minutes when dealing with passenger train service by the CNR to the city of Regina.

I have already made reference to the attitude of the CNR with respect to its branch line operations and its main line operations. In considering the question of passenger service, I find it rather difficult to understand why the CNR withdrew so many of its passenger train services on branch lines just prior to the introduction of its new fare plans and of its new passenger programs.

• (4:10 p.m.)

In particular I should like to cite one example with which I am quite familiar. This is the CN line which runs from Winnipeg, through Dauphin, Kamsack, Humboldt, on to Saskatoon; and from there it would either take the route to Calgary or to North Battleford and Edmonton. The line running through Dauphin, Kamsack and Humboldt is the old main line of the Canadian Northern Railway. For years passenger trains Nos. 9 and 10 operated on those lines. I have had many occasions to make use of this service, as have other members of my family. It was a very popular service. However, as time passed the extent to which it was used diminished as a result of the schedules that were in use, as well as for a number of other reasons including continually rising fares.

Then in 1962 or 1963 this service, which had been in operation for many years, finally came to an end and was withdrawn by the railway. Shortly after this operation was closed out, the company introduced its new fare plan, the red, white and blue plan. It seems to me that if this new plan had been put into operation at a time when services such as the one to which I have just referred were still in operation, one would have found that the movement away from the use of passenger train services on lines such as this would have been stemmed, and this would have contributed to the maintenance of the passenger train operations carried on by the railway.

I should like to deal very briefly with the specific situation faced by my own city of Regina. I have the honour of representing part of the city as well as some of the rural area surrounding it. As I have said previously, the city of Regina is served by the CPR main line. As the House knows, the CPR has served notice that it wishes to discontinue its sole remaining passenger train service to that city. I imagine the company will be able to cite figures to show that the service is not being used much by the people of Regina, and this may well be the case.

However, I think the company should also understand why the service is not used very much by the people of Regina. If one looks at the hours when the train arrives at and leaves Regina, one will see why the service is so inadequate. The No. 1 train, the Canadian, coming from the east, leaves Winnipeg at eleven o'clock in the evening and arrives at Regina at six o'clock in the morning. The time of arrival in that case is a reasonable one. But when it comes to the return trip from Regina going east, the Canadian leaves Regina at 2.05 in the morning. The first major city along the line, with apologies to Brandon and some other intermediate centres, is Winnipeg, where it arrives at 9.05 in the morning. I suggest that the hour of 2.05 in the morning is not going to entice people to use this particular service.

In 1965, when the CPR made application to the Board of Transport Commissioners, as it then was, to discontinue the operation of its second trans-continental train which passed through Regina, the Dominion, I had occasion to make a presentation to the board when it held hearings in the city of Regina. I listened to the evidence given at the hearing very closely, and at that time the CPR gave assurances that they planned to continue operating the Canadian for a long, long time. It seems that that long, long time is now coming to an end, if the latest CPR application means what it says.

I think this is a further illustration why this railway system, which operates in competition, at least to some degree, with the pub-

licly owned railway system, cannot be relied on to provide the type of service that is required by the people of Canada. Its latest application is just one more piece of evidence to support the stand that I and my colleagues have taken for many years, namely that the Canadian Pacific and its associated companies should be put under public ownership.

In regard to CNR connections to Saskatoon, the schedules are designed to offer services that connect with the mainline trains. When the schedules for the fall and winter of 1969-70 were recently published, I wrote to the president of the Canadian National Railways to inform him of my views concerning the introduction of these schedules at the end of October. I wrote to Mr. N. J. MacMillan, president of the CNR, under date October 27 in regard to this matter, and in my letter I said:

I must say that I was very disappointed at the inadequacy of service provided to Regina. The only passenger train connection with the CN mainline is through the rail liner service between Regina and Saskatoon. I note that the rail liner schedules have been developed to coincide with transcontinental train arrivals and departures from Saskatoon. The result is an atrocious service so far as Regina is concerned.

I think it is totally unacceptable that the only rail liner service from Regina to Saskatoon and Prince Albert should be a train that leaves Regina at 6.00 o'clock in the morning in order to make a connection with the westbound supercontinental shortly after 9.00 a.m. The second train from Regina to Saskatoon leaves Regina at 7.50 in the evening and arrives in Saskatoon at 10.55 in time to meet the eastbound Panorama shortly after 11.00 o'clock. The rail liner then arrives in Prince Albert at 1.45 a.m.

On the return trip, I note that one rail liner leaves Prince Albert at 6.55 a.m., meets transcontinental trains in Saskatoon shortly after 9.00 a.m., and arrives in Regina at 1.00 p.m. The second train leaves Prince Albert at 8.45 p.m., meets transcontinental trains in Saskatoon near 11.00 p.m., and arrives in Regina at 2.30 a.m.

I recognize that some of these schedules have to be developed in conjunction with transcontinental train time tables, and thus there are some limitations. However, it seems to me that one solution to the problem of making adequate connections with Regina has not been fully explored. This would involve a train connection between Regina and Melville with a possibility of tie-ins with other points. Would it not be possible to have trains that would carry a sleeper for transfer at Melville which could provide much better service that would be well patronized and which would be much easier than trying to make every rail liner schedule between Regina and Saskatoon fit the transcontinental time tables?

Then, I suggested to the president of the CNR that I would be interested in having his views on this subject, and that I would be quite prepared to explore the possibilities of this type of service with his officials.

Subsequently, I received a reply from the president of the CNR. After thanking me for my letter, he wrote:

Concerning the through sleeping car operation via Melville, please be assured that this has been studied thoroughly but would not be viable due to insufficient traffic. During August 1969 an average of less than five passengers daily were ticketed from Regina to eastern Canada. The cost to CN of operating a 2 or 3-car train between Melville-Regina would be very high compared to the revenue gained, even with a substantial increase in traffic. A less expensive Railiner operation on this route would not be practical because of the night operation necessary to connect with Trains 1-2, Super Continental, at Melville.

He then went on to indicate there would be some operating problems, and finally he gave me some information about the number of passengers that originated at Regina, classified on the basis of destination area. He indicated that 44 per cent of the passengers from Regina had as their destination local stations between Regina and Saskatoon, Prince Albert and Saskatoon, or Prince Albert and connections beyond.

• (4:20 p.m.)

At the same time 42 per cent of the passengers originating at Regina had as their destination connections with western Canada; that is, points on the CNR main line or adjacent to it from Saskatoon on west. However, passengers to eastern Canada, including Winnipeg, amounted to only 14 per cent of the passengers originating at Regina. This figure applied to the month of August, 1969. There are just a couple of comments I would like to make in that respect.

First of all, it seems to me that the President of the CNR has proven by the statistics he presented to me the need for improved service from Regina to eastern Canadian points. I suggest to him and those responsible that the reason there is such a small proportion of people who commence their travels to eastern Canada by rail at Regina is the poor service provided by the CNR to the east. I suggest that if in fact there were a better type of service to the east we would find a very substantial increase in the volume of that classification of traffic.

On the other hand, the President of the CNR also pointed out problems involved in operating a train between Regina and Melville, a run of some 90 miles or more by rail. He suggested a two or three car train would be quite expensive and that a rail-liner oper-

ation would not work very well because it would make connections at Melville during the night time hours, which would pose some rather obvious difficulties, as I understood his letter. It seems to me this is an example of the type of lack of imagination one sees on the part of the railways from time to time, to which I made reference earlier.

It seems to me it should be quite within the scope of the imagination of CNR officials to devise a plan whereby, if in fact it is not economic to operate a two or three car train between Regina and Melville as the president points out, it would be possible to operate a rail-liner service from Regina to Melville and perhaps points beyond, then provide for sleeping car service originating at Melville. The passengers could transfer at Melville at some reasonable hour in the evening to the sleeper that would be stationed there.

I suggest this service would be quite heavily patronized by people not only from Regina but also people living along the line at intermediate points and customers from Melville, Yorkton and portions of eastern Saskatchewan. It seems to me this is a rather obvious step that should be taken by the railway if in fact it is going to follow through with its policy of attempting to exploit all worthwhile possibilities of improving passenger traffic in various parts of Canada.

Thus, we see many examples of lousy timetables, which are responsible for the small amount of passenger patronage of the railway lines. I think the example I have cited in respect of the service between Regina and Saskatoon should be quite adequate to illustrate this. Certainly, the hours that these trains operate will not attract as many people as might possibly want to travel by rail. I have also cited the situation in respect of those people who wish to use CN services for travel to eastern Canada.

I also noted in the list of applications submitted by the CNR and CPR a number of other passenger runs they are proposing to abandon. I do not intend to discuss each one of them because I am not personally familiar with many. I did note one particular example which I think should be drawn to the attention of this House. Both the CNR and the CPR applied for abandonment of their Calgary-Edmonton runs. It seems to me that this is complete nonsense. Both railways claim a substantial loss on their operations between Calgary and Edmonton. I fail to understand why this need be the case. Possibly one alternative which should be examined is the provision of a joint service between Calgary and Edmonton. This might possibly deal with the deficit problems which both railways allege they face.

Still more attention needs to be paid, in terms of passenger train service, to the provision of adequate service to a number of small points along the main line of the CNR. I could cite a number of examples in my own constituency. The Canadian National Railways main line crosses my constituency in the northern part, and there are a number of communities located along that main line within the boundaries of my constituency. There are also a number of urban areas there, each one with approximately 500 people. I refer specifically to the communities of Kelliher, Lestock and Punnichy. There are a number of other nearby communities. In addition, there is the rural population which makes use of these communities.

For some time now there has been no provision in the Canadian National Railways schedules for passenger stops along these lines. It seems to me this is one matter which should be looked into. I recognize some of the problems in making frequent stops along any particular line, but when revenue business is available, certainly in the long run it would be to the benefit of the railways to ensure the provision of an adequate level of service to these communities as well as to the larger centres across Canada. Thus, I think it is important that we consider the future of passenger train business. I certainly urge the Canadian National Railways to continue its operations on the basis which it has in terms of following the principle of providing service for travelling people as well as for the transportation of goods. The CNR is in a very good position to show up the CPR and its complete lack of regard for the needs of people.

At the time the Canadian Transport Commission hears the applications of the Canadian Railway companies, I hope and trust it will pay adequate attention to the applications made by the railways, the CPR in particular, and the accounting and costing procedures used in reporting some of the deficits cited in their applications and public reports. It is important that we do not just assume the attitude of one who picks up the tab whenever the railways report they are not making a profit on some of their passenger operations. It is important that we look at their accounting methods and the figures they submit to

the Transport Commission very closely in order to make certain we are in fact not simply picking up that tab when there is no justification for doing so.

Another matter of interest and concern to the city of Regina is air service. This of course also comes within the scope of this bill. Regina is served by Air Canada operations, and a good many of their services are excellent and commendable. There have been complaints from time to time about the inadequacy of services to eastern Canada. Over the past year and a half I have had the opportunity, as a result of facilities made available to members of Parliament, to make use of Air Canada services in travelling between Ottawa and my constituency. I have done so in looking after the needs of my constituents and carrying out my duties as a member of Parliament.

Very often I have found that Air Canada service is quite good. I have one complaint, and that is that there is no direct service between Regina and eastern Canadian points. I made representations about this matter when I made my first speech in the House of Commons on September 23, 1968.

Subsequently I wrote to the former Minister of Transport and Air Canada, drawing to their attention the representations I had made in respect of direct air connections between Regina and eastern Canada. I received a very nice reply from the Acting President of Air Canada in which he informed me that it was the intention of Air Canada to introduce a new direct air connection between Regina and Eastern Canada in the spring of 1969. He hoped that I would have the patience to wait until this new service could be inaugurated.

• (4:30 p.m.)

Well, I did have the patience to wait and the new service was introduced. It was used by many people. The occupancy rate was very high during the summer season of 1969. But to the surprise of everyone in the city of Regina who was interested in the matter, and to my surprise, when the fall schedule of Air Canada was published it was found they had eliminated this direct connection between Regina and Toronto. A great deal of protest was made about the matter. Then Air Canada, for the first time, informed the people who made inquiries that their plan was to introduce this new service initially for the summer season only and that it would be introduced again in the spring of 1970. They said that it would continue from then on a year around basis. Certainly, I believe it would have been rather more satisfactory had Air Canada taken the people who made inquiries into their confidence earlier and told them of the plan of operation they had in mind.

There is another matter to which I should like to make brief reference. Although it is related to the provision of adequate air services in Regina I recognize that it does not come directly within the scope of this bill. I hope, Mr. Speaker, that you will be indulgent with me in this regard. Currently, there are negotiations under way between the city of Regina and the federal Department of Transport for the purchase of some property at the Regina airport which is still owned by the city of Regina and in which the Department of Transport has expressed an interest. I understand that negotiations are under way and I hope an agreement may be reached which will be satisfactory to the city of Regina, the people of Regina and the federal government in this regard.

I could go on to mention the many aspects of freight rates which are of interest to the people of western Canada. I could also mention some other aspects of the provision of freight services by our railway companies. However, there is only one particular point I should like to make at this time. It has to do with railways and the potash business. When the potash industry first developed in Saskatchewan it seemed logical and obvious to most people that the way to move the potash to markets would be by the railways. As a consequence, the railways extended their facilities. There was co-operation and there were negotiations between the railway companies—

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member, but his time has expired.

Mr. Burton: I could finish in just a couple more minutes, Mr. Speaker.

The Acting Speaker (Mr. Béchard): Does the House give unanimous consent?

Some hon. Members: No.

The Acting Speaker (Mr. Béchard): There is not unanimous consent.

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I shall not take too long, but I felt I should say something about this

bill. I was impressed by the comments made by several members, particularly the hon. member for Thunder Bay (Mr. Penner) who last evening made a plea on behalf of his constituency and talked about the people who want to protect their towns.

As we all know, Bill C-7 is supposed to provide funds for the financing of the CNR and Air Canada. Possibly it is because of my inexperience, but as a new member I wonder why such a bill is necessary. I am doubtful that it should be necessary for the CNR and Air Canada to come to the House of Commons with a bill requesting money that has already been spent. The reason for this is beyond me, but I will tag along with this procedure for another couple of years.

As members of parliament representing Canadians I think we must clamp down very seriously on the activities of the various modes of transportation. It certainly is high time we took a close look at the policies in respect of railways and transportation in general. There is no doubt that in certain parts of Canada, particularly in the east and in the west, transportation is vital and must be improved. It is difficult for me to believe that the only solution the railway companies can come up with is abandonment of service or restriction of service. The other day in a French newspaper I read how Japan had introduced rapid transportation services. I read also that France was introducing a new service to provide fast and efficient transportation for the public. In a growing country like Canada, apparently the only solution we have is abandonment of the whole passenger service because it does not pay. This is the reason I am very reluctant to give approval to this bill, although I imagine I will have to do so.

Every day we read in the press that more and more people are becoming afraid to drive on the highways. The number of fatalities on the highway is increasing. The figures are even greater than the casualty figures of the armed forces. I am convinced that if a proper service were provided the people definitely would use it. The trend today is for people to commute from the city to the fringe areas. They travel back and forth every day, some for short distances and some for longer distances. Some people travel on the week-ends while others do so on a day to day basis. In many instances, the railways do not provide any adequate service for the people. The trend today for people to work in the cities is fine, because this is the only place they can find work; but they live outside the cities. These people do not wish to spend an hour travelling back and forth a couple of miles a day in their cars. Surely, we should be able to devise a much better and modern way of transportation. Of course, it is necessary that the schedules be such that they are suitable for the commuters. It is not good enough to have a train which departs at two o'clock in the afternoon and expect that train to accommodate the working class. This is what is happening in some areas.

In Nova Scotia, for example, a train which travels from Halifax to Yarmouth leaves some time around noon. How can it be expected that the people will use this type of service? I am convinced that the Canadian people would patronize a good system. I believe the railways must come up with something new and that the Canadian Transport Commission must exercise its responsibilities in this regard. The Minister of Transport and members of this House, I suggest, also have a responsibility to see that a good, modern, efficient service is provided. We live in the year 1969. Men are going to the moon. Certainly modern technology could provide the means for a fast efficient service.

I might mention the ferry system operated by the Canadian National Railways and by the Canadian Pacific Railway between provinces like Nova Scotia and New Brunswick and Prince Edward Island, and even between Nova Scotia and the state of Maine. Will these be cancelled also? This question is of concern to the people in my area. As we move into the 70's it is not good enough to accept the present railway system of transportation or the standards under which it is being operated. I am convinced that a proper handling of the railway company's finances and of the service would eradicate the deficits and make a system much more attractive to the public.

• (4:40 p.m.)

I read with interest the speech of the hon. member for Madawaska-Victoria (Mr. Corbin) concerning the Ocean Limited. Several members, not only members of the opposition but members on both sides of the House, made such pleas on behalf of their constituents. They spoke about saving their little towns which depend on railway service the railway companies propose to abandon. We hear talk about saving little towns in Canada, a country

full of opportunities and of potential, whereas in the cities where people concentrate there are so many problems that in a few years' time people will want to go back to living in these little towns.

I will repeat what I have said before on several occasions, that some of these policies, including the transportation policy, are forcing people to move into cities and to group together because these policies affect mainly the rural parts of Canada, and here I do not refer only to the Atlantic area.

The bill also deals with Air Canada. Recently, the minister spoke about replacing this service by regional carriers. The people of my constituency have protested against this, and rightly so. The service provided by Air Canada from Yarmouth, for example, connects the United States with other parts of Canada, and it is absolutely essential that it be continued. Similarly, there is a proposal to remove the passenger service between Yarmouth and Halifax, a distance of some 225 miles. Yet, on the other hand, we will be putting into service next year two new ferries joining New Brunswick to Nova Scotia and another one travelling between Portland, Maine and Yarmouth, making a total of three ferries joining that part of Nova Scotia with the rest of Canada and with the United States. So, on the one hand we are proposing to remove rail service and on the other we provide ferry service.

As has been mentioned before, transportation will certainly not guarantee economic expansion in certain parts of the country, but the lack of transportation will certainly retard economic expansion. Certain people say that transportation will not bring us salvation, but the lack of it will certainly retard it. Let the minister draw up a policy and let him take action. For years we have been hearing about a transportation policy for the Atlantic area, but it has never been drawn up. Many things have changed since then. We were told that the freight rates would not be changed until a policy was devised. Rates have been changed and all kinds of other action has been taken, but a policy has not yet been devised.

I do not want to take any more of the time of the House, but I do want to draw the attention of hon. members to certain matters with regard to my constituency. The bill before us is to be referred to the Standing Committee on Transport and Communications. I do not see the purpose of doing this.

[Mr. Comeau.]

What else can the committee do with this bill but accept or reject it? It certainly cannot formulate policies in so far as transportation is concerned because the government does not usually accept the reports of standing committees, particularly of the Committee on Transport and Communications.

I should like to say in conclusion that we have to come up with a better solution than the abandonment of rail service. I wish to ask the Minister of Regional Economic Expansion (Mr. Marchand) in particular to take a look at this matter. He has control over all departments in so far as regional disparities are concerned. I ask him to convince the Minister of Transport (Mr. Jamieson) that action must be taken now and that it is essential that the government come up with something better than the abandonment of railway service, of postal services as well as of various other services.

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): I want to take a few moments this afternoon to join my colleagues in this House in discussing Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada. I have been very interested in the remarks of many speakers who have taken part in the debate. They impressed on me the importance of the whole subject matter dealt with in the bill. Several days ago, the hon. member for Crowfoot (Mr. Horner) opened up in a non partisan manner a broad spectrum of problems facing transportation in Canada at present. These problems are likely to continue to face us in the future. A number of years ago I had the privilege of being a member of the Standing Committee on Transport and Communications. During that time we brought forth the bill setting up the Canadian Transport Commission. It was interesting at that time to listen to the discussions that took place with respect to the costing formula.

Although this matter has not been referred to recently, it continues to be one of the basic issues facing the commission in arriving at a decision with respect to applications for rail line abandonment. All this goes back to the MacPherson Royal Commission in the latter part of the 1950's when the Hon. M. N. MacPherson of Regina, who was recognized as one of the foremost authorities on transportation in Canada, brought in a very forthright report. During the discussions of the Standing Committee on Transport and Communications

we discovered a thread of discontent running through all the evidence with respect to the transportation costing formula. The committee found that they could not accept the costing formula of the railway companies, and consequently an independent costing committee was set up made up of a group of experts on railway costing. It was a committee similar in type to the one working for the inter-state commerce commission in the United States. Nevertheless they brought in an independent report on the cost of railroading in Canada, and it so greatly differed from the costing formula used by the railroads that we were led to believe we would have to take another look at this, which we did. As a result the figures submitted by the railroads at that time were thrown out, and a compromise was adopted by your committee in arriving at certain costs.

• (4:50 p.m.)

It was also laid down in the new act setting up the Canadian Transport Commission that there should be a group of experts within the commission whose job would be to decide on a costing formula that would be satisfactory both to the people of Canada and the railroads. It worries me to some extent to find that presently the CPR has decided to appeal to the Supreme Court of Canada against the costing formula that has been adopted and is presently under consideration for use by the Canadian Transport Commission.

Here again we find another confrontation between the people of Canada, represented by the Canadian Transport Commission, and the railroads. They are disagreeing on what should be a proper costing formula. Therefore, we cannot arrive at any proper decision regarding the present host of applications for railway line abandonment. We cannot reach such a decision until we get agreement on the costing formula. This was the reason that last week I felt it necessary to suggest to the Minister of Transport (Mr. Jamieson) that the government of Canada be represented by the best legal talent available before the Supreme Court of Canada in its hearings on the CPR appeal.

I am naturally concerned, like other hon. members, about the host of applications presently being made for rail line abandonment. As mentioned by many hon. members, transportation is the sinew of our economy, and the various modes of transportation, air, rail, automotive and bus are all interlocked. Relatively speaking we have a good system, but we have problems where there is overlapping of the various services.

During the Transport Committee hearings several years ago when it reviewed the MacPherson Royal Commission report, great emphasis was placed on rail line rationalization. In areas where two competing lines, the CNR and the CPR, were running in close proximity to each other, it was said that efforts should be made to get them together to eliminate some of the duplication, with the result that everybody would benefit, the taxpayers as well as the railroads, and yet satisfactory service would be maintained. Here is an area in which we as a Parliament must support the Canadian Transport Commission.

The CPR presently has applications before the Commission to abandon a number of lines which they claim involve a loss of $30 million. Going back to my remarks of a few moments ago, we cannot accept this figure of $30 million until we first arrive at a costing formula acceptable to all parties concerned. I would be inclined to take with a grain of salt the CPR statement that it has lost $30 million on passenger service.

It is a well known fact that the CPR has already eliminated many passenger trains over great areas of our country. I just cannot countenance its now making an application to abandon The Canadian, the main passenger train running across the populated areas of southern Canada. It is preposterous even to consider it. The original act of Parliament passed in the latter part of the nineteenth century gave the CPR a franchise to build a railroad, and in return it agreed to provide transportation for people and goods in perpetuity. There was no question then that at some future date it could abandon rail passenger service on its main line.

For this it received $25 million from the government of Canada. At that time that was a major fortune. It was also allocated thousands upon thousands of acres of land lying adjacent to its track running across Canada. Now, we realize that this land, with its mineral resources, has been so profitable to the railway that it has set up a subsidiary company known as Canadian Pacific Investments to handle its profits from the land and to manage its other activities and industrial developments.

As you know, Mr. Speaker, The Canadian played a major part in centennial year in

transporting thousands of people to Expo in Montreal. Many of them were visitors from the United States who travelled across Canada by train. In fact at that time the railroad agreed to bring back the old Dominion and place it in service once more. I believe it was called The Expo Special, and was necessary to meet the demand of the public for transportation. On looking at railway passenger statistics since 1967, I do not see that there has been much of a deterioration in the number of passengers carried by the main line trains.

We must look ahead to the day when our expanding population will make it mandatory for us to provide good transportation in areas that are presently not too well developed, so that instead of abandoning lines we should be doing our best to retain them. We must also take into consideration the new concept of a central Canada corridor, which is designed to stimulate industrial development all across the country.

Earlier this afternoon the hon. member for Simcoe East (Mr. Rynard) mentioned the problem of air pollution. So far as the movement of passengers is concerned, motor cars now represent about 83 per cent of the total traffic in this country. As the hon. member stated, the motor car is creating a major problem in large urban centres and, as a consequence, we must look to other means of transportation, including electric railways, to move people from one point to another in urban areas.

• (5:00 p.m.)

I was very interested in the address given last night by the hon. member for Thunder Bay (Mr. Penner), and particularly in the plea that he made for the community of Nakina. It reminded me of the rail line abandonment in my own area of Saskatchewan back about 1958 or 1959, when an application was made to abandon what was known as the Reston-Wolseley branch line. It was one of the first branch lines in western Canada to be abandoned. The concern that was expressed by the hon. member for Thunder Bay (Mr. Penner) last night was concern that could be expressed by dozens of members in this House if all those applications for abandonment now under consideration should be accepted by the Canadian Board of Transport Commissioners. All along these lines are communities almost wholly dependent on rail transportation. If the line is taken out it will be only a matter of a year or two before the residents have to pull up stakes, dispose of businesses at great cost to themselves and the communities, and move further afield to try again to make a livelihood. There have been examples already of communities almost drying up entirely.

This raises a twofold problem, Mr. Speaker, for the community and the people affected. The people have to leave the area and invariably they try to go to some of the larger and more populated areas, thus emphasizing and accentuating the problem of urbanization. In Toronto we have our urban problems and are wracking our brains to try to solve them. I do not think that moving from the rural areas to the urban areas is the answer. We must look also at the sociological problem that becomes apparent when we speak of abandoning railway lines in rural areas.

I could go on at length but I felt I had to make these few remarks and add my voice of protest against this present rash of applications for rail line abandonment. We should take the advice of other members who have spoken and look at this whole serious situation before it gets out of hand.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, Bill C-7 now before us proves that the CNR is running true to form and that experts in deficits are still on its payroll.

Whether services are discontinued, stations closed, employees laid off, trains cancelled or the turbo-train moves forward or backward, there is always a deficit.

In my opinion, this is a ridiculous situation, a colossal joke, since a bill like this one is introduced each year. Before giving a blank cheque to the Canadian National Railways by passing this bill, I would like, as suggested by previous speakers, to see a little analysis of that Crown Corporation made.

Let us recall first the economic recession of the years 1929 to 1939, a quiet period when economic stagnation brought about limited railway traffic. And yet, at that time, the CNR, administered by wise and able men, managed to buy deficit-making railway companies facing bankruptcy.

During the war that followed, this company rendered tremendous services. An unexpected growth in traffic led to the construction of railway cars and other equipment. In order to meet the demand from government and industry, all available trains were operating around the clock.

The hiring of staff rose with the demand for services and, when demand was at its peak, the number of CNR employees went up to 140,000, with a corresponding increase in the number of supervisors. Senior officials and assistants galore were hired and that was the war effort.

At war's end, the situation returned to normal. Automation and the use of computers and similar equipment then gained popularity. There was therefore a surplus staff and necessarily lay-offs.

And strange as it may seem, as this has become a habit with the CNR, it is the laborers who paid the bill. Indeed they were the only ones affected by the lay-offs.

However, those who remained at their jobs were exploited by the unions which took advantage of the Rand principle of compulsory check-off to raise union dues. This principle unfortunately produced nothing worth while but was an instrument by which the workers lost control over their unions.

To impose a new tax, the Canadian parliament must decide through his 264 members. But as regards the collecting of union dues by and for the benefit of, international unions, it is sufficient for a few union leaders to decide and advise the railways.

Here I should like to read part of a letter dated July 11, 1969, sent by the Transportation-Communication Employees Union, Systems Division No. 1, 156 St. Denis Street, St. Lambert. I quote:

> Considering the financial commitments of your Systems Division, the central committee had to increase the members' dues as of July 1, 1969. The increase amounts to $1.00 per month ... Therefore, the next pay deduction in July 1969 will be $7.00.

This letter bears the signatures of the Systems' general chairman, Mr. F. M. Sheahan, the union's general chairman, Mr. Soucy, and the general secretary-treasury, Mr. Hlady.

In the circumstances, the employee has nothing to say when money is taken from him; moreover, for some time, he has been in the dark as to why he pays, even though his dues are deducted from his wages.

Regarding the bill and the moneys requested for the operation of the CNR, I pointed out that one reason for its deficits was patronage within its administration.

Despite the reduction in the number of workers and the amounts shown in the company's annual report at the salary item, nothing ever changes. Those who stay vote themselves salary increases year after year.

It is evident that they are still there.

• (5:10 p.m.)

The supervisors who have no workers to look after become inspectors. In other words, the boys from well to do families are always protected, and even if the number of employees has fallen from 140,000 to less than 80,000, the bureaucrats are still there, spreading confusion and tapping the company's revenues.

In some areas, inspectors are more numerous than workers and treat them harshly.

Mr. Speaker, the situation is serious, because the Canadian National Railways management is bad. As a matter of fact, management and labour relations have never been as poor as they are now, and the employees that are imposed upon loathe the company. Untold millions of dollars are lost due to scores of accidents that occur every year.

All train conductors, station masters and permanent-way masters got their jobs after 20 or 25 years of service, having proved their competence, while the same cannot be said of the technocrats. Who are they, anyway? Where do they come from? What is their role inside the company? How many are there and above all, how much do they cost us? We are not sure of their number and we are even less sure of what they cost us. And as matter of fact, at page 8329 of the House of Commons' Debates of October 5, 1966, there is the answer to a question that I had put on the order paper, and I quote:

Salaries of CNR Employees

> How many employees of the Canadian National Railways earn an annual salary of (a) $4,000 to $6,000 (b) $6,000 to $8,000 (c) $8,000 to $10,000 (d) $10,000 to $15,000 (e) $15,000 to $25,000 (f) over $25,000?

The Parliamentary Secretary to the Minister of Transport (Mr. Byrne) answered at that time:

> The management of Canadian National Railways advises as follows: It has not been considered in the best interest of the company to disclose data on employees' earnings in the manner requested.

Mr. Speaker, perhaps it is not in the interest of the company to publish reports but the figures could be made available for the public which must pay the piper. If it is against the public interest to make them known in the manner requested, could the minister sponsoring the bill find a way to get in touch with this corporation?

Anyway, I repeat my question today, hoping the minister will be able to say how many inspectors receive—I do not say earn —$25,000 or more in a year? If the minister who is presenting the bill cannot answer now, there should be an inquiry and if the results show that 50 per cent of those middle echelon officials are useless, they should be dismissed because we want a healthy administration.

I would like to point out something else concerning the present administration: its deficits. I would like to give you an example to explain the situation and show why the minister before granting loans should ask the management to review its administrative procedures.

If the minister believes that, under a Liberal government during the past seven years, our country has enjoyed prosperity, it is not normal that a company like the CNR operating in a just and thriving society should each year ask the government to make up its deficit.

This is what I am driving at. At the present time, salaries and operating costs are increasing, but lower rates are requested. Preferential prices and special rates are granted big oil and logging firms. Plants belonging to trusts throughout Canada are given preferential treatment in this regard. The most recent illustration of that I witnessed last summer and it struck me in a peculiar way. I refer to rates set by the CNR in 1957 for transportation between two areas in Quebec.

As against a rate set at 20 cents per cwt in 1957, the same company was being offered the same services at 24 cents per cwt during the 1969 summer months.

I have here a letter from a transportation firm in the Portneuf constituency, addressed to Mr. Lord Fortier, of the Canadian Transport Commission in Ottawa, and I quote:

Sir,

Further to our recent meeting at the Trucking Association Convention in Montreal, we dealt with the illegal competition from the CNR that all highway transportation companies have to put up with.

As far as we are concerned, we began moving sulphite from Lac Saint-Jean, to Saint-Raymond, in 1957, at which time the CNR rate was 29 cents per cwt.

Two years later, when we were very well equipped for such an operation, the CNR came up with a proposed rate of 22 cents.

This year again, namely 12 years later, while transportation rates have doubled since then, they still come up with a rate of 24 cents—

[Mr. Godin.]

—per cwt.

It is precisely because the Canadian National Railways lower their rates when their operating costs increase that they show deficits in their operations.

Then the board says to the government: We are showing a deficit. Help us or guarantee some of our loans.

A few trains will be temporarily taken out of service. In the Saturday, November 29 issue of the paper *Le cheminot canadien,* one can read the following:

We have learned from reliable sources in Ottawa that the CNR wil soon ask for permission to abandon their transcanadian services as well as the passenger trains on the Montreal-Toronto, and Ottawa-Montreal runs as well as the Ocean Limited between Halifax and Montreal.

Mr. Speaker, in the "Recommendation" of the bill now under study, one can read the following:

—to authorize Her Majesty to make loans to the Canadian National Railway Company and Air Canada to meet deficiencies in operating revenues to June 30th, 1970, any such loans to be repaid from revenues of the railway company and Air Canada or, if revenues prove insufficient, by subsequent deficit appropriation by Parliament.

Mr. Speaker, I have been sitting in the House for four years, and I know that the CNR has been showing deficits since then. What you have just heard means that the CNR is being urged once more to show another deficit.

I think that if the Minister of Finance (Mr. Benson) asked the management of the Canadian National Railways to change their methods, they would no longer have to borrow money to cover their operating costs.

I would also like to deal, at this stage, with the financing of this Crown corporation. By passing this bill, we authorize the CNR to make expenditures of about $201,700,000. Clause 3(2) authorizes the CNR to borrow money. Clause 5 says that the government undertakes to guarantee the loans.

I think that if this Crown corporation must pay each year $70 million in interests on its debt, it is obvious that the government has already guaranteed too many loans. I wonder what will be the rate next time. Will the next loan be granted at the same conditions than those set by Canada for foreign countries, namely ¾ per cent, or 1 per cent interest? Will Canada be obliged then to guarantee a loan secured from private enterprise at a 9 or 10 per cent interest rate? According to clause 3, these are capital expenditures. In fact, the CNR is authorized, and I quote:

—to make capital expenditures...in the following estimated amounts for the purpose of capital investment:

Railroad property	$107,700,000
Branch lines	17,000,000
Equipment	53,800,000
Telecommunications	18,887,000
Hotels	4,113,000

In my opinion, a Crown corporation would benefit from its being financed by another Crown corporation, and I wonder what reason motivated this bill before us now. Why should the financing of a Crown corporation be provided for by a bill of this kind? Could the Bank of Canada not provided these funds and accept federal government securities in exchange for investments?

Today, when the Bank of Canada buys bonds, it buys them from private enterprise. Why should it not be entitled to do so in the case of Crown corporations? If the Bank of Canada can buy bonds from a public concern, why should it be entitled to make profits at its expense? All I can assume is that the Bank of Canada is financing the CNR in the same way that it finances the railways in underdeveloped countries, at the nominal cost of 1½, ¾ or 1 per cent.

The fact that it is possible abroad leads to believe that it should be even easier in respect of public concerns.

I will conclude by emphasizing three main points, which summarize my remarks. First of all, we should have an inquiry made by fair-minded people, in order to eliminate unnecessary personnel.

I do not think that having an inquiry made into the personnel situation every 35 years would be asking too much. It is high time, I believe, that we should try to see where we stand so that we can dismiss useless employees and keep the others. I would therefore suggest that the MacPherson Commission report be reconsidered and that the CNR be asked to stop harassing the railway workers by laying-off those who are doing a useful job. The many accidents which have occurred in the past few years demonstrate that some of these lay-offs were ill-timed. Indeed, those whose job is unquestionably useful are entitled to security.

Since the CNR has legally plundered the pension fund of its workers, I suggest it would be normal to refund as soon as possible those who having contributed to it and now retired, are entitled to expect some protection. Considering the fact that the military, firemen and policemen are entitled to their pension after 20 or 25 years of service, setting up an optional pension plan to accommodate the CNR employees who wish to retire before they die would be indicated.

The Canadian National Railways should take operating costs into account when setting its rates, they should not be reduced in favour of trusts.

Its financial administration should be revised and this is possible for, if we refer to page 2529 of *Hansard* for September 26, 1967, we can read what the then Minister of Revenue had to say when he introduced a bill similar to the one we are now studying, and I quote:

> In the case of the C.N.R., the financing can be done in either one of two ways. The government can borrow the money directly from sources including the Bank of Canada, which would take up a big part of the loan, with the chartered banks taking up a substantial part also, and then advance the money to the C.N.R. Alternatively, the C.N.R. may borrow directly with a government guarantee but it would have to pay a higher interest rate if it did. It can be done in either manner.

Mr. Speaker, the financing can be done in either one of two ways, according to the Minister of Finance (Mr. Benson). So, if it can be done economically, that method should be chosen, and the advice of our friends should be disregarded; in other words, if the Bank of Canada can lend us some money, let us borrow it from it.

If we want an honest administration, if we are not public thieves, let us prove it by avoiding third parties, even though they may be our friends. I say again, let us deal with the Bank of Canada, since the Minister of Finance has stated that we may do so.

• (5:20 p.m.)

[*English*]

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I welcome the opportunity to say a few words on Bill C-7 because it gives me an opportunity to get a few grievances off my chest regarding the treatment that some parts of Canada, such as the Atlantic provinces and in particular Newfoundland, are receiving from Canadian National and Air Canada for whom this bill authorizes the provision of moneys to meet capital expenditures.

I hesitate raising the matter of rail passenger service in Newfoundland again because I

Provision of Moneys to CNR and Air Canada

know most hon. members heard enough about it last year. However, I feel it is important to raise a few of the skeletons which resulted from of the discontinuance of this service, and to emphasize the objection of Newfoundland members to the use of our province as a scapegoat in a plan to reduce passenger service all across Canada. I feel that we can now say with authority, we told you so.

Some hon. Members: Hear, hear.

Mr. Marshall: I was happy to read in *Hansard* that the hon. member for Madawaska-Victoria (Mr. Corbin), who represents some 60,000 citizens in his riding, has taken issue with the CNR for requesting large sums of money under this act and yet continuing to downgrade services in his part of the country. If the hon. member is asked to approve the bill, he wants a reasonable service for his district in return. I admire the hon. member taking issue with his own party and assure him of my support. Even though we in Newfoundland are treated like second-class citizens, there is no reason why we should not object to this discriminatory action against the people in parts of New Brunswick and, indeed, in all of Canada.

I will now refer to the new Canadian Transport Commission rules for passenger services as reported by David Crane in the *Globe and Mail* dated September 23:

—when the Canadian Transport Commission paved the way for rationalization and reduction of passenger rail service in Canada by specifying minimum service frequency and the services that qualify as passenger services—

Under this CTC order passed September 22, just three months after the discontinuance of Newfoundland's passenger service, the regulatory body has the authority to require the continuance of passenger service it deems essential in the public interest. The Canadian Transport Commission may now order the railways to continue uneconomical service, but once it has designated the services that must continue, it will be able to provide a subsidy covering 80 per cent of the loss.

In plain and simple words, Mr. Speaker, if any railway applied to the CTC for discontinuance of service, it could be ordered to maintain the service, but to reduce the frequency of that service. If that railway continued to lose money and applied again for discontinuance, an 80 per cent subsidy could be granted after October 1. What I would like to know, Mr. Speaker, is whether this CTC order was prepared suddenly, desperately and on the spur of the moment. Am I supposed to believe that the President of the CNR was not aware of this order prior to July 1? Can anyone here tell me that the Minister of Transport (Mr. Jamieson) was not aware of this CTC order prior to July 1? Can anyone tell me that the Chairman of the Canadian Transport Commission, the Jesse James of the Transport Commission, did not know it when he kept shrugging and bouncing while giving evasive and camouflaged answers during his appearance before the transport committee last year?

We hear quite a bit about pollution these days, Mr. Speaker, but we should also be considering the possibility of collusion. Let us take a look at and analyse for a moment the alternative bus service that the experts put into effect in Newfoundland and which they are proclaiming has increased passenger traffic, along with their new Rapido service. But they have forgotten a few facts along the way which were not taken into consideration.

First, they proclaimed from the housetops that all CNR employees who were involved in the train service would be absorbed in other jobs at no loss of income. Yet I have many examples of railwaymen with 15, 20 and 25 years of service who have been reduced to a lower classification and whose salaries have been drastically reduced. Is this the fair treatment they proclaimed? They shouted about the superservice they would give the people of Newfoundland with this new bus service.

I can quote from many letters which I received, Mr. Speaker. An example of the new bus service involves the case of a man, a woman and a baby who got on the bus. At a station along the way the man got off the bus to get the baby some milk. When he got back on the bus there was no seat for him, so he had to stand for the remainder of the trip, a hundred miles. This is the type of service that is being offered.

Another example involves a group of 15 school girls who were on a bus and had to get off along the way because other people had reservations so there were no seats for them. Another couple who had to get to a particular place because of an emergency had to travel 40 miles by taxi behind the bus before somebody got off and there were seats available for them. What about the stretcher cases that have to travel right across Newfoundland? Where do they go?

There was one other proclamation about the wonderful connecting service we were going to get in Newfoundland after a trial period. I have one petition signed by over 500 residents of six communities in the St. George's part of my riding, with a suggested route schedule attached, because they were left out of the main stream of decent service. This petition was sent to me on September 25. We all know the answer a member of Parliament receives when he gets in touch with the proper department of government. Out come the study gimmicks again. The department stated they were making a review of all our schedules and that my request would be taken into consideration. Two months later, I received an answer stating that they were sorry but it was not their intention to extend the bus service at the present time. This was a month after the decision had been made.

They had two years to study a bus service. It was decided that Newfoundland would lose its rail passenger service in any event, but they did not have the foresight to properly study a bus service to replace it. But how could they be expected to, Mr. Speaker, when they could not operate a train service in Newfoundland? It was the only one. They had a monopoly on passenger service and they could not make it pay. The Railway hierarchy have experts too, Mr. Speaker, and they have all the fancy phrases which are so in vogue these days. The railways have their research and development branches, industrial development and international consulting divisions. They have their land bridge concepts and systems activities. They have systems called "TRACS", their ACI's and CIP's. What I suggest is that their top echelons take advice such as that give by the Prime Minister (Mr. Trudeau) at Harrison Hot Springs, and do a little genetic engineering.

• (5:30 p.m.)

In a speech reported in today's *Globe and Mail* to the Canadian Association of Movers, Mr. Pickersgill stated that before the CNR or CPR are allowed to discontinue passenger services there will be full public hearings. He said the public interest aspects of every application for passenger service abandonment would be fully investigated by the commission. I suggest they might as well save their breath, their time and money, because the decisions have already been made.

I warn the members who will be affected by the 31 services that are due for abandonment to get moving right now if they want to resist. If they require any advice about railroading, let them ask some of their Newfoundland colleagues. They at least have the Canadian Transport Commission order on which to base their arguments, something of which we did not have the benefit.

An interested constituent of mine wrote to me as follows:

> I was quite concerned recently to read that the Canadian Pacific Railway have applied to abandon all passenger service except some commuting service at the same time Canadian National are planning to cut back on their passenger service including that in the maritimes. I realize that I may be a voice crying in the wilderness but as you know from our previous correspondence I am convinced that on the basis of social benefit from tax dollars the railway is by far a lower cost method of transportation for both passengers and freight than to continue to increase our highway system. The travelling public have gotten in the habit of preferring the independence of their own cars and small trucking firms or even individuals prefer the independence of being able to operate on the highways.
>
> The fact, however, remains that both these methods are more costly than the rail transportation if rail transportation is kept modern and efficient. It will just cost the Canadian taxpayers several times more to let traffic of both kinds to drop off on their rail lines and force millions of dollars into new highway programs. Japan has led the way for many years in this regard stimulated by the fact that they did not have enough land to permit highway systems. However, in their case it has turned out to be much better for their economy as well as saving the land. In the United States where land is becoming a premium they are now reverting in the heavily travelled area i.e. Portland, Maine to Richmond, Virginia to belatedly improve their rail service. Just because we have lots of land here in Canada, let's not make the mistake of losing our rail service and then having to go back to rebuilding it 20 years hence.

This is a concern that has been expressed by people across Canada.

May I also ask the Minister of Transport to consider the improvement of regional services both in the province of Newfoundland and in other maritime provinces? I should also like to hear something of the proposed improvement to facilities at the airport at Deer Lake used by Eastern Provincial Airways.

I conclude by reminding the government that it is duty bound, in accordance with its responsibility to the people of Canada, to fulfil their pledge of equal rights for all Canadians regardless in which part of the country they live. These rights include the right to rail passenger services. Even though these services have been denied Newfoundlanders, I suggest this does not give the gov-

ernment or the CTC the right to deny them to the rest of Canada.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, about a year ago the House passed the Canadian Transport Commission Act, and the House was pleased at that time to have a minister who knew as much as he did about the subject to pilot the legislation through the House. I remember the many complaints that were made about the transportation problems in Canada, and I recall his ability to answer each member and to indicate how the problems would be solved by the passage of the legislation.

For several days I have sat here listening to what might be called grievances raised by individual members, all of them interested in railway problems in general, which seem to have increased in severity rather than decreased. The same can be said with regard to Air Canada.

This legislation seeks to refinance the operations both of the CNR and Air Canada. In my opinion, we should vote against the legislation. I do not think we should be involved in the refinancing of the CNR. The government should be forced to do something to improve the financial status of the company. Most people in Canada think of the CNR as a crown corporation. I contend it is more a crown debt, certainly not a corporation of any description. We owe the CNR just as much money as they owe the country. The long term debt of the company in 1967 was $1,840,-712,000; it had grown in 1968 to $1,919 million odd. If this legislation is passed, the long term debt of the CNR will pass the $2 billion mark.

If I had $2 billion, I doubt whether I would buy the CNR. I do not think there is an agency in Canada that would be interested in the CNR at the price of $2 billion, particularly when one considers that its operating expenses for one year amount to approximately $1 billion. Normally I do not agree with Social Credit theory. That party contends that this kind of debt can be wiped out. The premier of British Columbia found that the huge debt of the PGE, like the rolling stone that gathers no moss, was gathering no interest, and so he wiped out the debt. In other words, he took money out of one pocket and put it in another. We will never pay off perpetual bonds. Indeed, some of them are valued in pounds sterling, which goes back to the days when we were a colony.

It seems to me that if the members of this House believe that the Canadian National Railways is a crown corporation, then they should do something to reduce the debt. The debt is actually a paper one, and as such should be written off. Certainly, it will not be paid off. Perhaps we will have to pay something to the owners of the former Grand Trunk Railway, though I would think they have already been paid off.

Just to show how stupid some people are—and only people in the revenue branch could be this stupid—last year the net income before interest on debt of the CNR was $41 million. It made a net profit of $29 million. The interest paid on the debt last year amounted to $70,450,968. I should like to know to whom this money was paid and for what purpose. I assume that these figures are part of the national debt. We have budgeted for about $6 billion and we are carrying $2 billion of debt for one corporation. It is all right to say we have to pay this to run the CNR, as I believe we do, but how stupid can we get as members of Parliament? We continue to approve of this kind of financing. This situation is getting worse every year. The government says it wants to do something about inflation. This is a heck of a good place to start by doing something about this deficit amounting to $70 million last year. This amounts to a transfer from one place to another, but it really serves no purpose.

• (5:40 p.m.)

Perhaps this deficit does serve a purpose by allowing the Canadian Pacific to set its rates. When the CNR is losing money it is allowed by the CPR to set rates. Since the rates are set on the basis of losing money, a greater subsidy is required. This situation reminds me of a time not long ago when I went in to a local, rather high-priced restaurant. I talked to several people I knew who were there having dinner and found I was the only one there paying for his meal. Everybody else was on an expense account. This meant I was paying for my meal and at least half the cost of another meal. We allow certain people to deduct their expenses from income tax. Not only was I paying for an extra half a meal, I was paying more than the meal I had was worth. If everybody had been paying for his own meal I would have paid $3.50 instead of $7.

Before I conclude my remarks I intend to propose an amendment to kill this bill. The House will then have to make some decision about it. Let me make it very clear that I do not oppose the CNR as a Crown corporation. This railway is a necessity in Canada and it will be for a number of years to come. We

will have to look at it in realistic terms. We as members of Parliament, should have some say about what the railways carry, where they go and for what purpose. We should make these decisions. I do not suggest we should start running the railroads or that members should say whether filet mignon should be served instead of ham steaks on the dining car, but we should have some say as to whether there should be a dining car and where the train should go. It is all right for officials of the railway to come before the committee and bring reasons for changes, but in the final analysis we should make certain decisions. If Mr. Pickersgill does not sit down and do this work, we should get rid of him and get somebody else.

We, as Canadians, have a need for a railway service and in my opinion we are going to have it, even though we cannot afford the type of operation we now support. This bill is a disgrace to parliamentarians. There is not a half a dozen people in this chamber who understands this refinancing bill. I am sure most hon. members do not understand how this railway is financed. I am sure half the people who drew up this bill do not understand the reason for the debt items.

We are still talking about dropping railways service in some areas. If the CNR wants to drop its service from North Bay to Toronto it should put a price on that line rather than just drop it. There are two lines from North Bay to Toronto. Let the officials put a price on one of them. If that price is the same as it was two years ago, $3 million, I am sure the Ontario Northland Railway would buy it. There is a private individual in the city of Barrie who might buy it at that price. This line should not be dropped but sold to someone who wants to operate it. I personally would like to see the Ontario Northland Railway run into Toronto on its own line rather than buying rights from the CNR. This situation may be true in other areas as well. Perhaps the grain farmers or the pools would decide to run their own trains if they owned trackage. Let somebody else get into this field if the operating railways do not want to provide this service.

I do not have much time but I should like to have a look at certain figures. They are very hard to find in these audited statements, so you may well have to look them up for yourself. In any event, if you check the figures for 1967 and compare them with the figures for 1968 and 1969, you will find that revenues rose extensively in respect of the CNR. You will find that passengers per mile increased rapidly and that service in terms of miles operated per passenger was considerably greater than it has been for a number of years.

Why did this increase happen all of a sudden? I suggest it did not happen all of a sudden. Because of the action of this Parliament in deciding these trains were going to be operated during our Centennial year with more up to date equipment, with sleepers and dining facilities, the number of passengers per train increased. It even reached the point where you had to have a reservation for a seat, let alone sleeping accommodation. When we made that effort, things improved greatly.

Most members of Parliament interested in transportation should take a close look at the refinancing of the Canadian National Railways. They will then find out whether this situation can continue or whether we should get rid of this debt. We are talking about $2 billion, and I think everyone will agree that there must be a program to retire that debt. If it cannot be retired, we should write it off.

How are we going to recover any money from the city of Montreal or the province of Quebec in respect of the cost of Expo? Nobody was interested, and we wrote off this amount. I suggest we are going to be faced with the same situation in respect of the CNR. I am sure there is no one alive with whom we made an original arrangement regarding the CNR to whom we owe this money. We are now being asked to accept this kind of financing in respect of Air Canada. If we accept this bill we will create havoc there as well.

There is a great deal of concern in the country about passenger service on the railways and on our airlines. This, to some extent, is the result of recent policy statements by the Government. We are raising and spending vast amounts of money for new airports. Air Canada will have to purchase new types of aircraft at great expense. Air Canada should be allowed to operate on long term financing in order to purchase new equipment. It should be placed in a position where it can depreciate its equipment and purchase new equipment when required, otherwise Air Canada will soon face a similar debt to that now facing the CNR.

The people in my area are very concerned about the air policy of this Government. We have been told in northern Ontario we are going to have a regional air carrier. It was suggested that Nordair, Montreal, would be

that carrier, but Nordair has not got the type of equipment needed to operate in that area. This company cannot replace the Viscounts Air Canada has been supplying or duplicate the service provided by Air Canada. I suggest this is the case for a number of reasons. I really do not care whether or not Air Canada flies into northern Ontario. However, I do believe that whoever operates that service should be connected with Air Canada because when it is necessary to make connections with the national or international carriers, this becomes impossible if the feeder line comes in at a time when accommodation is not available or when there is no interrelated passenger service. In northern Ontario we have been very happy with the service of Air Canada. I am sure, however, that it could extend its services considerably beyond what they are. But I think it is true that Air Canada is strapped in respect of finances. If it becomes involved in jumbo jets it will be hard pressed to operate Viscounts on short runs and to operate smaller than Viscount aircraft into some of the more remote areas of northern Ontario and northern Quebec.

• (5:50 p.m.)

The hon. member for Cochrane (Mr. Stewart) mentioned the fact that there are problems in Kapuskasing, Hearst, Moosonee and that whole area. Obviously, areas of this type must be served by a feeder company, but that feeder company must come under Air Canada scheduling and accounting practices. They should be interrelated. If we have a feeder type of service and Air Canada says they will leave it up to the feeder airlines, then it seems to me the feeder service will put their aircraft on the lucrative flights. Originally, we established companies such as the Ontario Northland Railway and Air Canada to serve the people. It was not necessary for them to make money. Money could not be made by Air Canada or by our rail carriers. Therefore, the government had to put up money and establish the system as a Crown corporation. Where are all the people who previously believed in the development of Canada? Where are the people who said they would be interested in services?

I have heard members in all parts of the House stand up and say they were concerned about the type of service provided the people in their areas. I have heard the old adage that there are ways to get around this lack of service. One can go by car or bus around Newfoundland, but steering must be quite an experience on some of those roads.

Mr. McIlraith: That is a gentle way to put it.

Mr. Peters: It is almost as bad in northern Ontario. There have been suggestions that we turn from rail transportation to transportation by bus and move from major air line services into feeder services. Such a move means that services become totally unsatisfactory. I think this is becoming apparent to everyone.

Much has been said about the financing of the Canadian National Railways. Perhaps it is unfortunate that we should say we are opposed to this bill, because it is a normal bill. The minister stands up and gives the silly assurance, which I have heard so many times in this House, that the bill is in its normal form and meets all normal criteria. This is all very well, but this has been the situation for many years and it is one that is totally unacceptable. It must be totally unacceptable to most members who have thought about that we are going to pay $70 million on a $2 billion debt of a railway which has a profit of only $41 million. It seems to me that this is bad financing. The farmers in western Canada are complaining that they have large debts, a small amount of money and therefore are not making ends meet. Everybody is sympathetic with them. The president of the Canadian National Railways cannot do anything about this matter. All he can do is ask for more money.

Because of the time I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

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

I realize that this is a negative amendment, but it is the only type of amendment available to us. We do not have the right to reduce the amount of financing or the $2 billion debt of the Canadian National Railways. If this amendment should be accepted, then I believe the government would spend the Christmas holidays finding a new way to finance the Canadian National Railways and I am sure would come up with a way to get rid of this $2 billion paper debt.

May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being six o'clock I do now leave the Chair. This House stands adjourned until tomorrow at 2 p.m.

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

HOUSE OF COMMONS

Thursday, December 4, 1969

The house met at 2 p.m.

BUSINESS OF THE HOUSE

POSITION ON ORDER PAPER OF MOTION OF MEMBER FOR ST. JOHN'S EAST

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise on a point of order with regard to notice of motion No. 46 which appears on today's order paper under Private Members' Notices of Motions. I shall endeavour to be brief, Mr. Speaker.

To propose that a private member's notice of motion on a question of privilege should rank as a private member's notice of motion on the order paper is to accept two propositions which in my view must be repugnant to this House. The first proposition is that privilege can be divided into government questions of privilege and private members' questions of privilege. A member of the government front bench who raises a question of privilege by this method is to have an absolute priority by having his question considered as government business. On the other hand, a private member raising an identical question of privilege is to be given the priority, if it can be called that, of a private member. I find it disturbing that such thinking should exist.

It seems to me the second proposition is founded upon what would appear to be an amazing lack of knowledge and appreciation of the principles of privilege. Any question of privilege concerns the privilege of the members of the House collectively and not that alone of the member raising it. Questions of privilege cannot be divided into questions of privilege that affect members of the government and questions of privilege that affect "the others", and here, Mr. Speaker, I am speaking for the others.

Another principle of privilege is its urgency which compels the raising of it at the first opportunity. If a private member puts his question of privilege by way of notice of motion, knowing that he will be put on a list that precludes his question from coming up for weeks or months ahead, he has in fact denied the urgency of his question and thereby proved that his question is not one of privilege. Again I find it disturbing to private members that such thinking should exist.

I could have raised this question of privilege yesterday, Mr. Speaker. I was aware, however, that another member intended to raise a question of privilege and that leave would be asked to put a motion under Standing Order 26. Rather than intrude further upon the business of the House, and because my question of privilege involved a continuing breach, I quite properly availed myself of the new method of proceeding by way of Standing Order 42. It would appear that because of the treatment my question of privilege has received it is obvious that no private member will so proceed again unless we have a ruling from Your Honour.

May I be permitted to say, Mr. Speaker, as the member of this House for St. John's East, that I consider myself one amongst equals and hence expect to be treated accordingly.

Therefore, Mr. Speaker, I would ask you to make a ruling on this matter which I consider to be one of some urgency. I would hope that other hon. members would assist Your Honour in arriving at a ruling, not only the experts in the House but other hon. members as well who have some stake in this matter.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise not as one of the experts to whom the hon. member alluded but as one who has had the experience earlier this year of having his notice of motion put in a place where it should not be. Therefore I approach Your Honour with some experience in that regard.

One of the difficulties about this matter is the fundamental misapprehension about the time of this House. The feeling is held among a considerable number of members, particularly some of those ornaments on the front benches on the other side, that the time of this House belongs to the government. This is not so.

Some hon. Members: Hear, hear.

Mr. Baldwin: The time of this House belongs to the House. The House, as it sees fit,

gives part of that time to the government, as it should and must do, for the proper carrying out of government business. There is more than enough time for a government which is not sloppy and slovenly and which pays some attention to cultivating the good will of the House that is necessary if it is to get its business done in adequate time.

• (2:10 p.m.)

Here we have a situation in which the House has provided time for dealing with those types of problems, such as questions of privilege and points of order, to which reference has been made by my hon. friend. This is time which the House has kept for this purpose. It is a residue of time still retained by the House to enable it to transact such business properly. I think that government members and others are under a misapprehension in this regard. Therefore I wish to call the matter to your attention, Mr. Speaker. Standing Order 17 reads as follows:

> Whenever any matter of privilege arises, it shall be taken into consideration immediately.

The second part of the Standing Order reads:

> Unless notice of motion has been given—

I call these words to Your Honour's attention.

> —under Standing Order 42, any member proposing to raise a question of privilege other than one arising out of proceedings in the Chamber during the course of a sitting shall give to the Speaker a written statement of the question at least one hour prior to raising the question in the House.

In my submission there are three ways in which a matter of privilege may come on the floor of the House during the time of sitting of the House. One is when it arises directly during the course of proceedings in the House. A member may then rise immediately—in fact, he must rise immediately—and bring it to Your Honour's attention. The second one is when privilege arises out of matters which take place outside the House or there is some specific reason why a member cannot bring it to the attention of the House when the House is transacting its business. An hon. member then has an opportunity to bring it up upon giving one hour's notice pursuant to the Standing Order I read. The third way is by giving a notice of motion under Standing Order 42.

We must assume that words put together mean something as they are contained in the Standing Orders. Otherwise, why would it be

[Mr. Baldwin.]

said that "unless notice of motion has been given under Standing Order 42" a member may raise it in another way? In other words, there are three ways of doing it: when it comes about during the transaction of business, by giving an hour's notice to Your Honour, and by a notice of motion under Standing Order 42.

If I am correct in that, the matter is then of such signal importance that, as has been pointed out by the hon. member, it should not be relegated to the position of a private member's notice of motion. The two days' notice has been given to permit the House to become adequately acquainted with the matter and to permit Your Honour to examine the precedents and the facts so that you may decide at the proper time, not what disposi ion shall be made of the motion but whether or not a prime facie case has been raised. This is the opportunity that has been given to Your Honour by the two days' notice.

Therefore I suggest that under those conditions any hon. member has the right to make use of Standing Order 42 so that Your Honour may have the opportunity to decide if there is a prima facie case of privilege. If Your Honour gives effect to our proposal we will not have a full day's debate on Friday but only such debate as will or will not convince Your Honour that a prima facie case of privilege has been made.

May I conclude by referring Your Honour to May's Parliamentary Practice, 17th edition, 1964, in which it is written at page 378, when dealing with matters of privilege:

> A matter which is postponed to suit the convenience of the House or to secure the attendance of a Member implicated, or to give the Speaker an opportunity to consider it fully does not forfeit priority when eventually raised;

That precedent would be broken if Your Honour did not give effect to the request made by the hon. member today to ensure that this notice of motion is placed where it should be for consideration tomorrow morning.

Mr. Speaker: If there are no further contributions to the debate on the point raised by the hon. member for St. John's East I think I should assure the hon. member for St. John's East that I will take the first opportunity available today to give very serious thought to the point he has raised and which has been supported by the hon. member for Peace River.

I do not want to minimize in any way the importance of the procedural point he has raised, and since he filed the motion yesterday I have already spent a considerable amount of time looking into precedents and decisions which have been rendered in similar circumstances in the past because there is nothing particularly new about the procedure which is now proposed by the hon. member. I hesitate to use the word "attempted", but this procedure has been proposed previously in similar circumstances and decisions have been rendered by the Chair on such occasions. These are decisions that will have to be studied, particularly in view of the arguments advanced by the hon. member and his colleague, the hon. member for Peace River. I will be looking into the matter intently later today.

[*Translation*]

ROUTINE PROCEEDINGS

CANADIAN CONSTITUTION

TABLING OF DOCUMENT, "SECURITY OF INCOME AND SOCIAL SERVICES" TO BE PRESENTED AT CONFERENCE

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have the honour to table copies in French and in English of a paper entitled "Income Security and Social Services", which the government wishes to submit for discussion at the Constitutional Conference to be held next week.

[*English*]

INDIAN AFFAIRS

MORTALITY RATE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I rise to ask the indulgence of the House to consider a matter I want to raise pursuant to Standing Order 43, which reads as follows:

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

If I may have a moment to explain how pressing and urgent this matter is, before I ask for permission I would point out that it is something which should be on the conscience of every member of the House, which demands that we take immediate steps to correct a situation that was given some publicity yesterday by the making public of a communication signed by G. Graham Cummings, Medical Liaison Officer, Medical Services Branch, for Dr. Wiebe, Acting Director General, Medical Services Branch, Department of National Health and Welfare, and dated October 20, 1969.

The communication was addressed to all regional directors, and the subject matter was "Changing Characteristics of Indian Mortality." If I may make two brief quotations from this stunning and shocking document, not to take them out of context but to give substance to what I claim is the pressing nature of this matter, perhaps they may convince the House that unanimous consent needs to be given. The first quotation relating to Indian mortality is:

(c) rising mortality in the third and fourth decades of life;

The second quotation is:

Indian infant mortality remains a matter of concern particularly in the provinces of British Columbia and the Yukon, Saskatchewan and Manitoba.

The communication goes on to point out that an Indian woman of age 27 has less than one-fifth of the chance of an average Canadian of proceeding any farther through life, and an Indian man of the same age group has half the chance. Based on that brief explanation I would respectfully ask that the House give its consent for the Standing Committee on Indian Affairs and Northern Development to pursue this matter which is not contained within its current terms of reference. I therefore ask permission to move, seconded by the hon. member for Winnipeg North:

That the Standing Committee on Indian Affairs and Northern Development be empowered to inquire forthwith into the matter of health facilities available to, and the conditions of health of, the native Indian people of Canada and to report its findings and recommendations with all speed and dispatch.

• (2:20 p.m.)

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Skeena. He has addressed himself to the fact that this motion, before it can be put to the House, requires the unanimous consent of the House. I shall inquire now whether there is such unanimous consent on the part of hon. members.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. The motion will not be put to the House.

Some hon. Members: Shame, shame!

Mr. Howard (Skeena): Mr. Speaker, may I rise on a question of privilege and ask which unconscionable person objected?

Some hon. Members: All of them.

An hon. Member: The Prime Minister first.

Mr. Trudeau: As always.

Some hon. Members: The just society.

Some hon. Members: Just for Grits.

An hon. Member: An insensitive society.

An hon. Member: Handouts, pay-offs, just for Grits.

CIGARETTE POISON CONTENT CONTROL ACT

MEASURE TO CONTROL MAXIMUM TAR AND NICOTINE LEVELS

Mr. W. M. Howe (Wellington-Grey) moved for leave to introduce Bill C-166, to control the tar content and nicotine level of cigarettes.

Some hon. Members: Explain.

Mr. Howe: Mr. Speaker, in view of the information that comes to hand from time to time that there is a difference in the amount of deleterious material found in cigarettes, the purpose of this bill is to provide for the industry to be brought under the Food and Drug Directorate in order that the safest possible cigarette will be made available to the Canadian public. I would ask that this bill be referred to the Standing Committee on Health, Welfare and Social Services, in view of the fact that this committee at the present time is considering this question.

Motion agreed to, bill read the first time and ordered to be printed.

MOTION TO ADJOURN UNDER S.O. 26

INDIAN AFFAIRS

MORTALITY RATE

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I ask leave, seconded by the hon. member for Skeena, to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the catastrophic decline in the health standards of the native people of Canada as revealed yesterday in a letter made public from the Department of National Health and Welfare, revealing that the native people's death rate has increased by 6 per cent for males over the past three years and 8 per cent for females, and the immediate and urgent need for the Department of National Health and Welfare and the Department of Indian Affairs and Northern Development to take immediate steps to deal with this crisis.

[Mr. Speaker.]

Mr. Speaker: The hon. member for Winnipeg North has given me the notice required under Standing Order 26 and I have had time to consider the matter very seriously. I can assure the hon. member in all honesty that this is a decision that is not easy to make. I have pondered the aspects of this situation. I have looked into all aspects of Standing Order 26 and have taken into account other considerations, wondering whether the business of the House scheduled for today should be set aside for the purpose of discussing the most important and serious matter raised by the hon. member for Winnipeg North and which was referred to earlier today under the provisions of Standing Order 43 by the hon. member for Skeena.

After due consideration I think I must rule with extreme reluctance that this is not the type of motion which can be put to the House at the present time. While there is no point in my going into all the subparagraphs of Standing Order 26 which specify under what circumstances a motion can be put to the House, I might refer the hon. member to Standing Order 26, subsection (5), which states:

> In determining whether a matter should have urgent consideration, Mr. Speaker shall have regard . . . to the probability of the matter being brought before the House within a reasonable time by other means.

I hope that by an agreement of some nature some way may be found by hon. members to bring this very urgent matter of national importance before the House for discussion.

ORAL QUESTION PERIOD

INDIAN AFFAIRS

MORTALITY RATE—REQUEST FOR STATEMENT ON REPORT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, will the Prime

Minister or the Minister of Indian Affairs and Northern Development consider making a statement on motions tomorrow with regard to the report on the mortality rate of Indians? The report describes the increasing mortality rate among young adults as disastrous. In the course of making such statement will either the minister or the Prime Minister make particular reference to why this report allegedly was kept under wraps for some months? Will the Prime Minister or the Minister of Indian Affairs and Northern Development make such a statement on motions tomorrow?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not looked into the matter so I am not prepared to make a statement, but the minister will be in the House tomorrow and he will be prepared to answer questions then. In the meantime the Leader of the Opposition may wish to ask questions of the Minister of National Health and Welfare.

Mr. Stanfield: Mr. Speaker, may I direct a supplementary question to the Minister of National Health and Welfare. When was this important report made available to him by the director of health services? Also, was it then immediately brought to the attention of the Minister of Indian Affairs and Northern Development?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the mortality rates among our Indian population have never been a matter of secrecy within the government or for anybody else who has wished to inquire. We have had analyses of these rates in various reports that have been available for several years to anybody who is interested. There is nothing of a secret nature about it. What is in issue today and what is concerning the Leader of the Opposition is that these statistics were analysed in an interdepartmental memorandum that went from the Acting Director General to his zone officers across the country. The press and the media quoted the memorandum of October 20 correctly. What followed from that was a further memorandum of November 25 from the Acting Director General to the regional directors, correcting a grave error in the earlier memorandum from which I believe the hon. member for Skeena quoted. The later memorandum makes it quite clear that there was an erroneous interpretation of these statistics.

Mr. Lewis: Table it.

Mr. Munro: Mr. Speaker, I am prepared to table both memorandums if I may have unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Munro: Inasmuch as copies of these interdepartmental memorandums were sent to people outside the Public Service, there is no reason why they should not be tabled.

Mr. Speaker: Order, please. The minister has asked whether certain documents he has referred to can be tabled with the consent of the House. Has the minister this consent?

Some hon. Members: Agreed.

Mr. Stanfield: A supplementary question, Mr. Speaker. I still ask whether the Prime Minister will request the Minister of Indian Affairs and Northern Development to make a statement on motions on this subject tomorrow? Also, will the Prime Minister consider a suggestion that was put forward, although in a slightly different form from mine, a few minutes ago and refer this report to the appropriate committee of the House for study and consideration? Will the Prime Minister lend his good offices to this move?

Mr. Trudeau: As I just said, Mr. Speaker, I have not inquired into the matter. I will inquire into the matter and if such appears to be the right course I will do as the Leader of the Opposition suggests. In the meantime the Minister of National Health and Welfare is prepared to answer questions.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, may I direct a supplementary question to the Minister of National Health and Welfare. In view of the disturbing aspects of this report, will the minister recommend to the cabinet a substantial increase in the budget for Indian health services?

Mr. Munro: Mr. Speaker, I am prepared to consider that course. I point out that over the last four or five years there has been approximately a 30 per cent increase in the total expenditures in this particular area. In further answer to the hon. member's question, I would like to point out that the five to one ratio quoted earlier was not correct. What the figures do show is that 3.8 Indian women in 1,000 die annually compared with 0.7 other Canadian women in 1,000.

Mr. Hees: Canadian Women?

Some hon. Members: Explain!

Mr. Munro: That is in the age group 25 to 29. The memorandum from which the hon. member for Skeena quoted did not point out that there has been a decrease in mortality among infant and school age Indian children. It is in this particular age group, 25 to 29, that we have experienced the great increase which is so disturbing.

Mr. Orlikow: A supplementary question to the Prime Minister. In view of the fact this report states that the rising mortality rate amongst adults is associated with suicide and violence and indicates serious social dissatisfaction, will the Prime Minister on behalf of the Treasury Board give favourable consideration to an increase in the funds available for working with this group of people?

Mr. Trudeau: Mr. Speaker, I do not think it necessarily follows that you prevent the suicide rate from increasing by providing more money from the Treasury Board.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare. I think it is safe to say that the high mortality rate amongst native people can be directly related to the lack of proper medical facilities, particularly the lack of doctors' services. I have had personal communication with the minister by way of letters. I want to know whether he is still objecting to the idea of a flying doctor to serve the isolated northern communities?

Mr. Munro: If I might reply, Mr. Speaker, the same report, the intradepartmental memorandum, shows that the Indian mortality rate is more favourable than the white mortality rate in some of the Maritime provinces. Maybe the hon. member could draw the same inference from that and say this is a serious reflection on the administrations of certain Maritime provinces, both present and past. All I would argue—

Mr. Hees: Name the provinces.

Mr. Munro: The Maritime provinces generally.

Mr. Hees: Name the provinces.

Mr. Speaker: Order, please. I suggest that the minister and the hon. member who asked the question should not debate the matter. Some latitude is being exercised and will continue to be exercised in connection with such an important matter, but not in the form of a debate.

[Mr. Hees.]

Mr. G. W. Baldwin (Peace River): A supplementary question to the Prime Minister. When requesting the Minister of Indian Affairs and Northern Development to make a statement tomorrow on the suggestion that a committee should be set up, would he indicate the reasons why the government fears to have this matter investigated by a committee?

Mr. David Lewis (York South): A supplementary question, Mr. Speaker, to the Minister of National Health and Welfare. I understand from an answer the minister gave earlier that the first memorandum was dated October 20 and the second memorandum was dated about the end of November—

Mr. Munro: November 25.

Mr. Lewis: November 25. May I ask the minister whether the second memorandum was sent by the director on instructions from those above him, including himself and the deputy of his department?

Mr. Munro: No, Mr. Speaker. Instructions were not given by anyone above him to send either of the memoranda. I talked to the Acting Director General today and he advised me that he noticed the error himself in his earlier memorandum. He sent it out. I learned that today.

Mr. Lewis: The minister referred to an error. As I heard him read the alleged correction in the second memorandum, it still remains true that the ratio was roughly five to one, 2 point something as against .7. The ratio was still five to one except there was a reference to infant mortality. Will the minister tell the House and the people of Canada what the correction is supposed to be and whether the decrease in infant mortality offsets the increase in adult mortality?

Mr. Munro: No, Mr. Speaker. The decrease in infant mortality and mortality among school age children does not offset the increase in this particular group. That is what is pointed out in the second memorandum which has been tabled. What it does point out is that there are 381 deaths per 100,000 amongst Indian women compared with 69 deaths per 100,000 in the whole population. As anyone can see from comparing those figures, that is not five to one.

Hon. George Hees (Prince Edward-Hastings): I would like to ask the minister if he would name the Maritime provinces in which he said the mortality rate was higher than among the Indian population?

Mr. Trudeau: Why don't you look at the Canada Year Book?

Mr. Munro: Mr. Speaker, I would have thought the hon. member was aware of the provinces that make up the Maritimes. In the memorandum there is reference to the Maritimes mortality rate. In other words, it takes the totality of the mortality rate in the Maritime provinces.

Some hon. Members: Oh, oh!

Mr. Speaker: Does the right hon. member have a supplementary question?

Mr. Diefenbaker: No, Mr. Speaker, it is a new matter.

Mr. Speaker: I suggest to hon. members that we might return to this very important subject later in the question period. The hon. member for Shefford.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Shefford.

[*Translation*]

FAMILY ALLOWANCES

DISCUSSION RESPECTING TRANSFER TO PROVINCES

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I would like to ask the Prime Minister a question about children.

Can he tell us if, during the federal-provincial conference next week, the government intends to start a debate with the spokesmen of the provinces that want to take over the administration of the federal family allowances program?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the only thing about children in this question is that I find it somewhat childish.

[*English*]

TRADE

POSSIBLE BRITISH ENTRY INTO ECM—SAFEGUARDING OF CANADIAN INTERESTS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I want to direct a question to the Prime Minister. Apparently negotiations are now recommencing on the part of Great Britain for entry into the European Common Market. Have any representations been made by the government of Canada or any departments thereof to the Wilson government to the effect that, while admitting that Britain and other members of the Commonwealth have the right to go their own way, no serious detrimental effects to other members of the Commonwealth should be condoned? With the admission of Great Britain to the European Common Market, will Canada, Australia and New Zealand be reasonably protected by assurance of the British government against a serious diminution in the amount of their exports of agricultural and other products to the United Kingdom?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, admitting that each of the two potential partners, the United Kingdom and the EEC has a right to go its own way, discussions have been held for a long time between Canada and the U.K. on this matter, especially since the latest application of the U.K. dated May, 1967. Detailed information has been given to the U.K. government on the effects the adoption of the common external tariff and the common agricultural policy of the ECM would have on Canadian trade with the United Kingdom. The British government has assured us of their readiness to keep us informed as developments occur in the present round of negotiations. We expect that the U.K. and the ECM, both important trading partners of Canada, will take Canada's interests into account. As a matter of fact, we hope that the entry of the U.K. will mark a further liberalization of EEC policies, especially with respect to agricultural products and non-tariff barriers.

Mr. Diefenbaker: Will the minister now answer the question whether or not the United Kingdom has given any assurance similar to the assurance given by the MacMillan government in 1960 and 1961 that if Great Britain entered the European Common Market Canada's wheat exports, as well as agricultural exports from other parts of the Commonwealth, would be, as far as possible, protected and assured before entry into the European Common Market would be acceptable to the United Kingdom?

Mr. Pepin: That could be, in my view, a denial of the postulate accepted by the hon. member, which is the right of England to "go its own way." However, I would think that in their own interests, the U.K. would be mindful of our interests.

Inquiries of the Ministry

Hon. Marcel Lambert (Edmonton West): Further to the questions I asked of the Prime Minister on Monday and Wednesday on this subject, I had put it to the Prime Minister that this should be a matter of government policy and that a statement should come from the Prime Minister himself with regard to the matter, particularly since it has so much to do with Canadian agricultural products now. Is it the intention of the government to make a statement or declaration of policy on this subject to the House?

Mr. Pepin: Without being pretentious about it, Mr. Speaker, I thought I had just done that.

Hon. George Hees (Prince Edward-Hastings): It is not true that a summation of what the minister has said amounts to the fact—

Mr. Speaker: Order, please.

INDIAN AFFAIRS

MORTALITY RATE—APPEARANCE OF MINISTER AND OFFICIALS BEFORE COMMITTEE

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Would he and the officials of his department who have been dealing with the question of the mortality rate among the Indian people be prepared to appear before the Standing Committee on Indian Affairs and Northern Development to explore this matter?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker.

Mr. Howard (Skeena): As a prelude to that appearance, would the minister be prepared to table certain documents? He has now tabled two memorandums having to do with the subject. Would he be prepared to table in the House, or make available to the committee, the relevant documents and other information used in the preparation of the material he has so far made available?

Mr. Munro: Yes, Mr. Speaker. Statistical analyses have been available for some time to the public and to the hon. member had he wanted them. As for the mortality statistics on which these memoranda were based, we expect they will also be published in the normal course, that is to say, within a week or ten days.

Some hon. Members: Oh, oh!

[Mr. Pepin.]

Mr. Paul Yewchuk (Athabasca): My question is also directed to the Minister of National Health and Welfare. About a year ago he indicated he felt medical services for the people in the north and isolated regions of Canada would be improved when medicare was instituted. Would he care to say that the service of doctors to the people in the north and in isolated places has in fact been improved?

Mr. Speaker: Order. I thought the hon. member had a further supplementary question to ask on the same subject. I suggested to hon. members a few moments ago that perhaps we ought to move on to another subject. However, the hon. member for Skeena might be allowed to ask a supplementary to his earlier question.

Mr. Howard (Skeena): My supplementary question has to do with the comment the minister made on the subject of documents. I was about to ask whether he was aware that we on this side follow these matters a great deal more closely than he does.

Some hon. Members: Oh, oh!

Mr. Trudeau: You showed it today.

Mr. Howard (Skeena): You, too.

Mr. Trudeau: Read about it in the papers. Look at the Canada Year Book. It is there.

Mr. Howard (Skeena): What are you smiling about, Pierre?

Mr. Speaker: I suggest we go on to another subject.

IMMIGRATION

REQUEST FOR STATEMENT ON NUMBER OF IMMIGRANTS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to ask the Minister of Manpower and Immigration whether he will take the first opportunity on motions to explain to the House, first, why the number of immigrants entering Canada fell by 10 per cent during the first nine months of the year and, second, why 25,000 fewer people came here from Europe than during the same period a year ago? Would he also explain what steps the government plans to take to restore the number of people coming to Canada each year to a level commensurate with the needs of this country?

May I have an answer to my question? I asked the minister to take the first opportunity on motions to explain these things.

Mr. Speaker: The hon. member for Annapolis Valley.

BROADCASTING

EFFECT OF CRTC DECISION RESPECTING CABLEVISION

Mr. J. P. Nowlan (Annapolis Valley): I hate to take the stage away from the Minister of Manpower and Immigration but perhaps my hon. friend from Prince Edward-Hastings can go back to him later. I have a question for the Secretary of State. Does the decision of the CRTC against certain cablevision applications affecting towns and cities far from the United States border reflect a government plan to reduce the amount of United States cultural influence in our country?

Mr. Speaker: The hon. member appears to be inviting the minister to make a statement which is very general in scope and in my view any such statement ought to be made on motions.

Mr. Nowlan: Very well, I will ask my supplementary. Would the minister be prepared to make a statement on motions concerning the interesting remarks of the president of the CRTC and, if so, would he in the meantime use his good offices with the president to stimulate the commission into taking action against existing cablevision stations in cities and towns close to the United States border—

Mr. Speaker: Order. The hon. member's supplementary is in the form of a representation and he has to assume it has been noted by the minister.

Mr. Nowlan: On a point of order, it cannot be noted until I have finished.

Mr. Speaker: Order, please. Would the hon. member kindly inform the Chair of the nature of the point of order he wishes to raise?

Mr. Nowlan: The point of order is that I had not finished the question. I have been trying to get to the Secretary of State to ask several questions for a long time; he is only here about three times a week. Here is an important decision which affects Canadians not in the central parts of Canada but in parts of Canada which are isolated, parts in which hon. members opposite said they were interested at one time. I asked, with respect, whether the minister would consider the suggestion which Your Honour made to the effect that he might make a statement on motions concerning what was said by the president of the CRTC? Before doing so would he use his good offices in order that the president of the CRTC might take some action against cablevision stations which now receive United States programs—

Mr. Speaker: Order. I have heard the point of order. I am prepared to compromise with the hon. member and recognize that his first point is well taken—that he may ask the minister whether he would be prepared to make a statement on motions. However, I put it to him that the second part was a representation to the minister. The minister may wish to reply to that part of the question which is a question.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Certainly, Mr. Speaker, all the more so since it seems that this CRTC decision which, just like everybody else, I did not have the time to study in detail, will arouse much interest in Canada and could very well justify eventually a statement on motions.

[*English*]

Mr. Steven E. Paproski (Edmonton Centre): A supplementary question to the minister. Has he received protests from western Canada, Alberta, and particularly from Edmonton with regard to the arrogant decision of this body? Bearing in mind this decision of the CRTC, does this commission intend to dictate to the people of Canada which United States stations they are to look at? Is this another slap in the face for the west?

Mr. Speaker: Order, please.

Mr. P. M. Mahoney (Calgary South): Mr. Speaker, I should like to ask the Prime Minister whether the CRTC in pursuing its policy of evident geographic discrimination has the approval of the government?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Mr. Paproski: I have a supplementary question.

Mr. Speaker: Order, please. I see a number of hon. members who want to ask supplementary questions and I trust that—

Inquiries of the Ministry

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Hon. members should resume their seats. I will recognize hon. members on supplementary questions. I hope they will be questions and not speeches.

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I should like to ask the Secretary of State whether he is prepared to review the decision of the president of the CRTC in respect of this matter?

[*Translation*]

Mr. Pelletier: Mr. Speaker, the Canadian Radio-Television Commission is an agency established by the Canadian parliament, vested with a high degree of autonomy, and quite rightly so. However, this does not mean that the Broadcasting Act precludes action being taken by the Governor in Council, or guidelines being given to the CRTC.

What I would ask hon. members opposite to take into consideration is—

[*English*]

An hon. Member: He is behind you.

[*Translation*]

Mr. Pelletier: That one too if you like, yes. But I believe the others are more inclined to do so, and that would be to carefully go into the decision and the supporting whys and wherefores submitted by the CRTC before passing jugdment. At any rate, that is my own policy.

[*English*]

Mr. Paproski: Mr. Speaker, I should like to direct this further supplementary to the Prime Minister. First I should like to congratulate him on his great kick-off at the Grey Cup game. Second, I should like him to kick off this question. In view of the CRTC decision, is he allowing this arrogant body to dictate policies to his government?

Mr. Speaker: Order.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is supplementary and is directed to the Secretary of State. Will he inquire of the CRTC to ascertain whether its latest decision will further delay access to second channel service in many parts of western Canada?

[*Translation*]

Mr. Pelletier: Mr. Speaker, I could put the question to the CRTC.

[Mr. Speaker.]

CONSUMER AFFAIRS

ACCIDENT CAUSED BY SPILLING OF SULPHURIC ACID FROM TOY CAR

Hon. Gérard Pelletier (Secretary of State): Since I have the floor, Mr. Speaker, I would like to answer a question addressed to me the other day by the hon. member for Annapolis Valley, concerning a C.B.C. producer allegedly fired following an unaired program. I simply wish to relay to the hon. member the answer which I received from the C.B.C., namely that because the matter is being discussed at this moment between the legal adviser of the C.B.C. and that of the producer, and that the Corporation is threatened with court action, any particular on that situation could jeopardize seriously the successful outcome of those discussions.

[*English*]

EXTERNAL AFFAIRS

PROPOSED EUROPEAN SECURITY CONFERENCE —POSITION OF GOVERNMENT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is directed to the right hon. Prime Minister. In light of conflicting reports on Canada's attitude to the proposed European security conference, will he disclose to the House whether the Canadian government will, at the NATO council meeting, encourage or discourage such a conference which might lead to the dissolution of NATO and the Warsaw Pact and a reduction in the balance of forces in Europe?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will have to refer the question to the Secretary of State for External Affairs.

[*Translation*]

REGIONAL ECONOMIC EXPANSION

RECOGNITION OF SHERBROOKE AREA AS DESIGNATED REGION

Mr. Henry Latulippe (Compton): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

Could he tell us whether he has taken into consideration the representations made to him by the city of Sherbrooke and by the Eastern Townships industrial committee, to the effect that Sherbrooke and the surrounding area should be considered a designated area?

Mr. Speaker: May I suggest to the hon. member that this question should normally be put on the order paper or considered at the time of adjournment. If there is any urgency,

which is not at all obvious to me, the minister may reply to the question.

Hon. Jean Marchand (Minister of Regional Economic Expansion): I have met the mayor of Sherbrooke, Mr. Speaker, I have taken this matter into consideration.

[*English*]

HOUSING

DROPS IN NOVEMBER STARTS—INQUIRY AS TO NEW INITIATIVES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister without Portfolio in charge of housing. In view of the very serious drop in housing starts during the month of November to the seasonally adjusted rate of 179,000 housing units, and the growing concern that this may extend well into the future and destroy any chance of meeting housing needs, can the minister tell the House whether any new initiatives are being taken and whether it is the intention of the government to increase the funds available to help meet this need?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, the latest evidence indicates that we will hit in excess of 200,000 housing starts this year. All options open to the government are being examined with regard to the fulfilment of the statement in the Throne Speech, to wit, the achievement of one million housing starts in the next five years with special emphasis on low income housing.

Mr. Stanfield: Mr. Speaker, are we to assume from what the minister has said that the government does not propose to take any special measures to offset the very clear recession in housing starts which has settled in and is causing such concern to the home building industry and Canadians looking for homes?

Mr. Speaker: Order, please. I suggest the question as asked is argumentative.

DON VALE URBAN RENEWAL PROJECT, TORONTO—DISCUSSIONS WITH CITY—SUPPORT FOR PROGRAM

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, in view of the apparent deadline of December 31, 1969 which will affect the Don Vale urban renewal project in the city of Toronto, can the minister state whether he has had any discussions with the city of Toronto and whether the government is prepared to enter into an agreement to support that urban renewal program prior to December 31, 1969?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, when I met with residents representing the Don Vale urban renewal committee I made it quite clear that it was most unlikely we would be able to have legislation available because it would require the setting up of rehabilitation grants and loans inherent in their proposal. I made it quite clear to them, regretfully, that that was the situation and that this was unlikely to take place before December 31, 1969.

Mr. Alexander: Mr. Speaker, as a result of the minister's statement made in Vancouver I am wondering whether those cities which received the last urban renewal grants can expect a Christmas present from the government prior to Christmas in order that they may pursue the urban renewal programs they have already started?

Mr. Andras: As I indicated in answer to several questions asked by hon. members in the House earlier, I will be making a statement regarding urban renewal before the Christmas recess I think.

Mr. Alexander: On a point of order, Mr. Speaker, if I recall correctly, the minister indicated to the House that he was going to make a statement in respect of guidelines for urban renewal and public housing. My question is, if the minister will allow me to put it to him, does the government intend to allow the several municipalities which have started urban renewal projects to further them by giving them a Christmas present of further grants prior to Christmas?

Mr. Speaker: Order, please. This is obviously a repetition of the question the hon. member originally raised.

EFFECT OF CONSTRUCTION INDUSTRY UNEMPLOYMENT

Mr. R. E. McKinley (Huron): Mr. Speaker, I should like to ask the Minister without Portfolio how he can reconcile the fact of severe high unemployment in the construction industry with his hopes to complete the amount of housing necessary this year?

Mr. Speaker: Order, please. The hon. member's question is argumentative.

Inquiries of the Ministry

TRADE

WHEAT—DISCUSSIONS WITH U.S.S.R.

Mr. A. B. Douglas (Assiniboia): Mr. Speaker, my question is directed to the minister in charge of the Wheat Board. Is the Canadian Wheat Board presently carrying on discussions with the U.S.S.R. and, if so, where are these talks being held?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I will not discuss negotiations of this sort but I am willing to report to the House that the Chief Commissioner and the Assistant Commissioner of the Canadian Wheat Board are at present in Moscow.

OILSEEDS—FILLING OF EXPORT COMMITMENTS

Mr. George Muir (Lisgar): Mr. Speaker, I have a supplementary or related question for the Minister without Portfolio from Saskatchewan. In view of the interest shown by some of Canada's customer countries in our oilseed stocks, can he assure this House and the country that there is an adequate stock of these seeds in forward positions to fill all current export commitments in respect of these grains?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, it is my understanding that this is so but I will certainly check again to see whether there have been any recent indications of demands which could exceed amounts available. I will try to assure that appropriate stocks are in position.

HOUSE OF COMMONS

REMOVAL FROM COMMITTEE MEMBERSHIP OF MEMBER SITTING AS INDEPENDENT

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I have a question for the right hon. Prime Minister. I should like to say first of all that this is a most delicate question and one which I find difficult to put into words. May I ask the Prime Minister, as Prime Minister of Canada and leader of the Liberal Party which form the government, if it is his view that one who has experience and knowledge should be removed from a committee or from a position of responsibility on that committee because he has changed his allegiance and sits as an independent?

Mr. Speaker: The hon. member for Churchill.

[Mr. Speaker.]

INDIAN AFFAIRS

MORTALITY RATE—POLICY RESPECTING HOSPITAL CONSTRUCTION

Mr. Robert Simpson (Churchill): Mr. Speaker, this question is for the Minister of National Health and Welfare. In view of the very disturbing revelations contained in the report on the high mortality rate among our Indian people, will the minister use his good offices to implore his cabinet colleagues to reconsider the present policy of shelving plans for the hospitals which were to have been constructed adjacent to or in these Indian communities?

Hon. John C. Munro (Minister of National Health and Welfare): I am not aware of any such policy, Mr. Speaker.

[*Translation*]

FINANCE

ACTION TO REDUCE INTEREST RATES

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a question for the Prime Minister.

Mr. Speaker, I have faith in you to judge whether our questions are childish or not. In fact, it is not up to the Prime Minister to rule on the merits of a question, especially in an arrogant manner.

As the Minister of Finance stated yesterday that the interest rate was too high in Canada, has the Prime Minister any suggestions to offer for the purpose of reducing it?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, if we succeed in stopping inflation.

[*English*]

TRADE

POTASH—CONSTITUTIONALITY OF SASKATCHEWAN REGULATIONS

Mr. John Burton (Regina East): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of reports purporting to give the federal government's view of the recently announced Saskatchewan potash regulations, is the minister now able to inform the House of the government's view on the constitutionality of these regulations?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Comments were made by the press saying that this government was in agreement with the regulations recently announced by the government of Saskatchewan. I want to say that these views referred

to a previous understanding. Now that the government of Saskatchewan has seen fit to include disposal licences in its regulations and has also announced a ministerial order in respect of minimum prices, the constitutionality generally of these regulations is now under further examination.

I might add for information that the regulations will not be effective until January 1, and that discussions about the regulations which have been held with the government of Saskatchewan at both ministerial and official levels in the recent past will continue after a public hearing which is to be held on December 8 in Regina by Saskatchewan officials.

Mr. Burton: I have a supplementary question, Mr. Speaker. Has the government of Saskatchewan asked for federal action or joint federal-provincial action to establish a potash export board, and have there been discussions between the government of Saskatchewan and the government of Canada on this matter?

Mr. Pepin: As I indicated a few days ago, this might be one way of going at it. I am not aware of formal discussion between the governments at Regina and Ottawa on that particular method.

HEALTH AND WELFARE

CONFIDENTIAL FILES ON COMMUNICABLE DISEASES

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address this question to the Minister of Industry, Trade and Commerce. Has he received any complaints, written or otherwise, regarding the very careless manner in which the extremely confidential files on communicable diseases are handled which permits the possibility of the information being leaked with disastrous results and serious consequences to the victim?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Would that be in my department or in DBS?

Mr. Bell: Mr. Speaker, I have a question—

Mr. Rynard: A supplementary question, Mr. Speaker. I want to tell the minister that this matter comes under his department, since it is handled by the Dominion Bureau of Statistics. Perhaps the minister would be good enough to look into this question and bring forward a reply tomorrow. If so, I would be satisfied.

Mr. Speaker: Order, please. The hon. member has asked a question and the minister has given a form of reply. We are just about out of time. I was hoping two or three other members might be given an opportunity to ask questions.

Mr. Rynard: I will just take a minute to ask the minister if he will confer with the Prime Minister on his well known dictum that the government has no business snooping in the bedrooms of the nation.

INDUSTRY

DISCRIMINATION AGAINST CANADIAN MACHINERY MANUFACTURERS WITH RESPECT TO BIDS

Mr. Max Saltsman (Waterloo): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. It concerns a serious and immediate problem facing Canadian machinery manufacturers and arises from their exclusion from bidding on Canadian projects financed by foreign countries which require that that equipment be purchased exclusively from the country supplying the financing. Can the minister tell the House whether his department is taking action to counteract these discriminatory practices against Canadian manufacturers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): When a project is receiving federal government assistance we do everything possible to ensure that Canadian manufacturers are given an opportunity to bid. For example, it was suggested—

Mr. Speaker: Order, please. I suggest to the minister that perhaps his reply might be continued on another occasion. We have just about reached the end of the question period. I interrupted the hon. member for Saint John-Lancaster who had been recognized previously. I suggest he should be given an opportunity to ask his question.

Some hon. Members: Hear, hear.

CORPORATIONS ACT

AMENDING BILL—DISTRIBUTION OF FACT SHEETS TO LIBERAL MEMBERS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a very important question for the Minister of Consumer and Corporate Affairs. Would the minister indicate whether any civil servants within his department have been required to prepare or assist in the preparation of the "fact sheets",

in respect of Bill C-4, to amend the Corporations Act, which were distributed exclusively to members of the Liberal caucus.

Some hon. Members: Oh, oh.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I would have to examine that situation, Mr. Speaker. My officials did prepare a group of papers for delivery to the provincial officers who are meeting here in Ottawa today and who met here yesterday on Bill C-4. In respect of what other information was available, I would have to check that.

Mr. Bell: Would the minister check to see whether any members of the Liberal caucus received copies which could have been made available to all members of the House of Commons.

Mr. Basford: It would be delightful if the hon. member would cross the floor to keep informed. We in this government endeavour to keep members of our caucus informed of what the government is doing.

Mr. Speaker: Order, please. I regret very much to advise hon. members that the time for the question period expired some minutes ago. I must apologize to hon. members who were not recognized today.

Mr. Lewis: Mr. Speaker, I rise on a point of order or a point of privilege whichever Your Honour wishes to call it. I respectfully suggest that the statement of the Minister of Consumer and Corporate Affairs was unworthy. It is one thing, Mr. Speaker, for the apparatus of any party in this House to supply members of the caucus with information to reduce the ignorance on that side of the House. But it is an entirely different thing for public officials, paid from the public treasury, to be used to service the members of only one party.

Some hon. Members: Hear, hear.

Mr. Hees: On a point of order—

Mr. Speaker: Order, please. Is the hon. member for Prince Edward-Hastings rising on a further point of order?

Mr. Hees: Yes, Mr. Speaker. I was interrupted earlier. I should like to ask the Minister of Manpower and Immigration—

Mr. Speaker: Order, please. Orders of the day.

Mr. Saltsman: Mr. Speaker, on a point of order—

[Mr. Bell.]

Mr. Speaker: Order, please. If the hon. member for Waterloo is rising on a point of order I trust it will be a legitimate point of order.

Mr. Saltsman: I asked a question of considerable importance to my area before the question period had expired. I wonder, Mr. Speaker, whether you would permit the minister to reply to that question.

Mr. Speaker: There would have to be unanimous agreement because the question period expired five minutes ago. I suggest to hon. members that I tried to exercise an extraordinary degree of fairness in allowing questions beyond the time allotted so as to give hon. members the opportunity to ask their questions. Since the question period expired five minutes ago, I believe we should go on to the business before the House.

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed from Wednesday, December 3, consideration of the motion of Mr. Gray that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railways Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Peters (page 1578).

Mr. Arnold Peters (Timiskaming): Mr. Speaker, just before the adjournment last night I presented a motion for a six month delay of this bill. I did so for a very specific reason. I am confused, as I am sure most Canadians are by the financing of the Canadian National Railways. Surely this is also true of some members of the cabinet and of other government members because, on looking at the financial statement of the CNR we find that their debt is just as great today as the day that railway was formed. We are paying only a token interest on the debt. Year after

year, the CNR comes to Parliament asking for a refinancing of the debt. The money they receive is not for capitalization but to maintain the status quo. I am sure that now is a good time to find out exactly what our transportation system is doing and what the role of CNR is in the country. I am sure that the various departments which are trying to assist areas of Canada, other than major urban areas, will be interested to discover what the railways can do, and what is the cost of operating them.

If we look at the profits made by U.S. railroads, by railroads in Europe and railroads throughout the entire world, we find that they are notoriously low. In the case of the CNR, we find that they are able to make a profit of $41 million, in spite of which they end up with a $29 million deficit simply because they are paying off a long term debt, the interest on which is $70 million.

I suggest that the Minister of Finance (Mr. Benson) should stop trying to fool the people. Perhaps I am wrong in saying that he is fooling the people because I do not think he intends to do it. However, he is too damn lazy to clean up a mess that has been in existence for 40 to 50 years. All he has to do is to transfer the long term debt of the CNR to our national debt. This will enable us to judge the financial situation of the CNR in the proper way. It seems to me that no one is able to understand exactly how the CNR is financed. Even a Philadelphia lawyer would be hard pressed to understand it. However, were the Minister of Finance to transfer the CNR debt to the National debt, the payments would continue to be exactly the same but the debt would be owed by Canadians for a railway which they bought half a century ago. The CNR would then pay off only debts for things that happened yesterday on the Prince Albert line or on the CNR line at Cochrane. The CNR would not be able to attribute such losses to almost anything, including the inefficient operation of the railways.

Let us be honest with ourselves and let us be honest with the management of the CNR. Let us start operating the CNR on a year to year basis. I am not opposed to the CNR coming to the government asking them to finance the Great Slave Railway or asking them for money for an extension to a railway in Ungava or the Maritimes. I am not opposed to the railway asking for capitalization, because obviously they will have to justify their request before Parliament. But how can Parliament justify to the Canadian people the payment of $70 million in interest on a debt that I am sure no one living in Canada today remembers being incurred?

The CNR debt grows every year. Next year it will amount to $2 billion, and the year after to $2 billion 200 million. It will continue to grow, and as it grows the interest on the debt will continue to increase. Every year, the CNR will come back to Parliament asking for a refinancing.

I listened very carefully to the speech made by the hon. member for Cochrane (Mr. Stewart) the other day. I agree entirely with what he said about the operation of the railway as he said I would. But I think he and other western members would be less than fair—and the same would be true of everybody in the Maritimes—if they did not support my motion to kill the financing bill so that the government will be forced to come to parliament with a realistic and honest proposal.

My colleague here mentions that we should do something about the pensions as well. I suggest that those members who are interested in the pensions of CNR employees should know that the government will not be able to do anything about that so long as the railway faces the Canadian public with a $29 million debt, even though it makes a yearly profit of $41 million. So long as that debt, along with the interest of $70 million a year, remains on the books of the CNR, I am sure the pensioners will suffer, as will the passengers and everyone else who uses that railway.

There are people here who are knowledgeable about finance, a field in which I am not too smart. However, I am knowledgeable enough about it to know that it is cheaper to carry that debt as part of our national debt than it is to carry it as a debt to be paid off by the CNR. I am sure I am smart enough to know that if the CNR is only covering normal deficits and normal capitalization loans, that is if it is only carrying its current debt, it will be easier to judge whether or not the CNR passenger service is a paying proposition.

I have heard some members say that this situation will allow the CNR and, more important, the CPR to use the debt as an excuse for obtaining subsidies in various fields and for justifying the need for them. At the same time, I suggest that we should not undertake a long term financing of Air Canada in the same manner. We should set up a better system for financing the great expansion of Air Canada, and the increased number of feeder lines and carriers on its

transcontinental service. The money used for this purpose should not be thrown into the same kettle and mixed up with the $2 billion debt which has been accumulating ever since we bought the Grand Trunk railway over half a century ago.

I suggest that any member who does not support this motion to force the government into making a commitment that they will reduce the CNR debt to a manageable level by transferring it to the national debt, is dishonest because he will not be contributing to the creation of a situation which will allow the government to take an honest look at the CNR passenger service and decide whether or not it is making money. The CNR is reaching a stage where its debt will equal our gross national product. We do not know of anyone who would want to buy the CNR for $2 billion. We should do the same as any other business, that is, re-arrange the financing in such a way that we can get a true picture of the company without this debt.

• (3:20 p.m.)

All the members of this House who say they are interested in the CNR, interested in establishing transport costs for every area of Canada, should take an honest look at this suggestion. We have tried to make a fight on several occasions on the question of the CNR debt. I do not see any good reason for carrying the debt in this way. In fact, I see many disadvantages to it.

The Minister without Portfolio (Mr. Gray), who is piloting this legislation through the House, should be able to tell us what will be done about this problem in the very near future so that we will not be faced with it every year. To give him time to do this, I think members would be justified in giving the bill a six months' hoist. The government would then have time to consider other methods of financing the CNR, and transferring its $2 billion debt to the national debt.

The CNR can never repay this debt, and we as taxpayers face a heavy burden trying to meet even the interest on the debt.

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, normally I do not find myself in the position of being able to support a motion proposed by the N.D.P. However, on this occasion I feel compelled to support the amendment moved by the hon. member for Timiskaming (Mr. Peters), but my reason for doing so is entirely different from his, although there was a great deal of common sense in what he said. In fact many of his words last night and today would lead me to believe that at heart he is a free enterpriser. He does not believe in monopolies, as some members of the N.D.P. seem to do. In fact, a suggestion he made last night would lead me to believe he is possibly inclined to Social Credit ideas with regard to the bonds already issued by the Canadian National Railways.

The hon. member's argument made sense in view of the fact that recently this Parliament wrote off the deficit incurred by Expo 1967. The government proposed that that deficit be cancelled. The hon. member is proposing that the same be done with the Canadian National debt. The CNR should be able to come before parliament with its annual report and let us know that it has made a $41 million profit—if it is a profit—or has incurred a $29 million deficit. This should be shown in such a way that we would know it was a deficit. The people of Canada are quite prepared to pay a deficit of that kind for the service the railway is giving. On that basis, I would support the hon. member's amendment.

As responsible members of this House can we afford to delay this bill for six months? In answer, I point out that the bill covers the period from January 1, 1969, to June 30, 1970, so a six month's hoist will not make any difference. In fact, I think the hon. member should have proposed a longer period than six months, because actually the bill gives the government a blank cheque for any deficit that Air Canada or the CNR wants to incur.

As members of Parliament, we should be able to discover how a deficit of $29 million was incurred. We have faith in the directors of the Canadian National Railways, but we should know on what particular items the deficit was incurred. Actually, as I see it, the bill is misleading, and I will return to that point in a few moments.

What prompted me to speak on Bill C-7 was an article which appeared in my local newspaper, the Swift Current *Sun*, of November 28. The headline is very alarming, and reads "Prospects of Western Separation Increasing". The reference is to a speech made by the Liberal Premier of the province of Saskatchewan, and I quote:

> Premier Ross Thatcher said today Ottawa's proposed tax reforms and increases in freight rates for potash and pulp are contributing to a growing awareness of the prospect of western separation.

This is the second time within ten days that I have mentioned western separation in the House of Commons. On November 24, when speaking on the Customs Tariff, I mentioned that there is a movement afoot in western

Canada to form the western provinces into a free trading area because customs tariffs are detrimental to the economy of western Canada. This feeling has been evident for years. With the present lack of cash in western Canada it is now more evident than ever, and that is due to the inability of the federal government to sell western Canadian products on world markets. Here I am not talking only of agricultural products. I am talking of minerals such as potash, and of oil and gas.

I am glad to see that the minister who is piloting this bill is in attendance in the chamber, because we need some answers from him. A colleague of mine suggests that the Minister of Transport (Mr. Jamieson) should also be here to listen to the pleas being made, and being made not only by members of the opposition. The hon. member for Cochrane (Mr. Stewart) and the hon. member for Thunder Bay (Mr. Penner) mentioned complaints similar to ours. I suggest that they should support this NDP amendment on the grounds of the arguments that they made on behalf of their constituents.

The title of the bill refers to the "capital expenditures" of the Canadian National Railways and Air Canada. I suppose the minister will tell me that the title does not mean anything, and that what we must look at is the Governor General's recommendation. I quote from the last few lines of the recommendation:

—to authorize Her Majesty to make loans to the Canadian National Railway Company and Air Canada to meet deficiencies in operating revenues to June 30, 1970, any such loans to be repaid from revenues of the railway company and Air Canada or, if revenues prove insufficient, by subsequent deficit appropriation by Parliament.

• (3:30 p.m.)

In other words, this is an operating loss for which we are giving this blank cheque. Let us look at what the minister said. I was hoping that in his opening remarks I would find some explanation, so I went back to page 802 of *Hansard* for November 13, 1969 where, referring to this operating deficit for the fifth time, he said:

As in previous years the bill would provide authority for the government to make temporary loans to Canadian National Railways and Air Canada to meet deficiencies in operating revenues up to June 30, 1970. Any such loan is repaid later from revenues of Canadian National Railways and Air Canada or, if these prove insufficient, the loans are written off through parliamentary appropriation.

Here he repeated, Mr. Speaker, almost word for word what is contained in the Governor-General's recommendation. When this bill goes to the committee I think there should be an investigation of what the deficit will be. It is not good business, in any circumstances, to pass around blank cheques. I am not denying the fact that there could be a deficit and, indeed, I suppose most Canadians expect the CNR to show a deficit because they do want the service it renders. But to me, this is one of the reasons why the bill should be "hoisted", as the hon. member for Timiskaming (Mr. Peters) said. There should be a more thorough explanation given as to why business is done in this manner. Perhaps the minister could say that this is the way it has been done for the past 20 years, but if it is wrong that is no excuse for not correcting it.

Another thing that concerns me about this bill, Mr. Speaker, is a recommendation contained about halfway down page 3 which reads:

—to borrow either from Her Majesty or by means of issues of securities guaranteed by Her Majesty an amount not exceeding $19 million for construction of branch lines;

Now, the very mention of branch lines is abhorrent to a westerner, Mr. Speaker. For the past few years railway companies have been abandoning branch lines in Western Canada. I can imagine what the people in my constituency would have to say about that appropriation of $19 million for branch lines which, in their own area, are being abandoned. The arguments used by the railways in support of their decision to abandon those lines should be as feasible now as they were then. One of the reasons given was the improvement in the roads.

I am sorry that the hon. member for Saskatoon-Humboldt (Mr. Lang) is not here because I understand that in a speech the other day he said many more country elevators would be abandoned. This puts a greater charge on the farmers of western Canada because it is more expensive to haul wheat from the rural areas to the main line of any railroad. The reason these railroads have these main lines, Mr. Speaker, is that they have a monopoly.

Last night a member hinted that there is collusion between the CNR and the CPR with regard to freight rates. Maybe the CPR is smart enough to get the CNR to make these proposals for an increase in the freight rates and then ask for the same thing! But when any company has a monopoly certainly it can

dictate terms, and this is what is happening here.

When seeking an answer for my constituents with regard to this $19 million I managed to get a copy of the budget papers of the Canadian National Railways. On page 4 there is the heading, Canadian National Railways —Capital Budget, Year 1969—Branch Lines Construction. Construction of new branch lines was authorized for the Windfall Extension, Amesdale-Bruce Lake and Stall Lake-Osborne Lake. I do not remember the expenditures for these three branch lines coming before the House, but perhaps they did. The budget shows the cost as $11,610,000. why does the minister then ask for $19 million? Why does he want the cushion of an additional $7½ million? That is what I cannot understand. Even if he includes the Roberts Bank spur and the Nanticoke spur which amount to somewhere in the neighbourhood of $5 million, that still leaves him $2 million in hand.

To return to the minister's speech of November 13—and I do not know whether he read *Hansard* or not—the last half of the paragraph referring to branch lines does not make much sense. However, I shall read it for what it is worth:

> Second, the bill contains a provision authorizing the Canadian National Railways to borrow $19 million for financing all branch line construction. Up till recently each special statute for construction of a branch line has included authority for financing its construction and branch lines not requiring special legislation have been financed out of self-generated funds.

I should like to ask the minister what is meant by "self-generated funds"? Is it this the cushion of $7½ million which he is asking us for now? This is the part I could not understand:

> In addition to covering all branch lines the provision in the resolution and the bill based upon it are consistent with the intent of reflecting in the financing and guarantee bill all the financing authorities which the Canadian National Railways require.

Now, to me, there is no sense in that statement or statements, whichever it is. I do not know whether it is the punctuation or whether a line has been left out but it is not a satisfactory answer to the House of Commons, and is another reason why I suggested that all western members should support this particular amendment to the bill.

I should like to refer for a moment Mr. Speaker, to a couple of points brought up by the Premier of Saskatchewan. Although a Liberal, I think his attitude is very sound in this regard and I should like to put part of his

remarks on the record of the House of Commons. He said, or is purported to have said:

> "We believe adoption of the white paper in its present form would be a disaster to western Canada."

The article continues:

> Mr. Thatcher said increased exemptions for low income groups are welcome, but only a small part of the white paper represents tax reform. "Most of the paper is simply a proposal designed to raise more revenue through an entirely new form of taxation—a tax on assets."

Now, Mr. Speaker, perhaps there is a very remote connection between the white paper on taxation and the bill proposed today but I suggest that Premier Thatcher has hit the nail on the head with that statement, because the net result of the white paper on taxation is an increase of over $2½ billion in our taxes. The people affected by this proposal should not have been taxed in the first place. The ultimate result of the white paper on taxation will be increased taxes for those who cannot afford to pay.

• (3:40 p.m.)

He went on to say:

> It will mean increased taxation for the middle-income group, small businessmen, co-operatives and resource industries.

In western Canada today our resource industries are developing and can ill afford to bear the burden of additional costs.

The other day, on picking up the *Financial Times* of Canada for December 1, I was amazed to see certain figures. At first, I thought they were wrong. However, in view of the fact they appear in the *Financial Times,* they may be right and mine may be wrong. I will not read the entire article, but part of it reads:

> As Canadian exports to the U.S. increased, the commission found, the U.S. industry went increasingly into oversupply. Prices dropped from a 1966 high of $22.26 a ton to about $10 now.

The article then says that Saskatchewan officials will meet railway officials,

> —to discuss the railways' proposal to raise the basic potash freight rate to $8.91 from $8.37 a ton.

If these figures are correct, if our potash producers only get $10 a ton and have to pay transportation costs of $8.91, where is the profit, I ask? Where is the incentive for businessmen to continue operating in the potash industry? Any normal businessman will obviously say, "This is a losing venture." The development of our resource industries is of benefit to all Canada. We ask this government

not to hamper the development of resources in western Canada, resources like oil, gas and potash; in particular, we ask the government to show our agricultural industry the same consideration it is showing to the Crown corporation we are considering. Certainly, we say that Air Canada and the CNR must be kept operating. But they will not continue operating if we do not look after our agricultural industry. I am on my feet today partly because I am pleading for that industry.

For the information of the House perhaps I should read some more of the article I just quoted, because it deals with the serious concern of people of western Canada about what is happening. I hope the government notices the warning signs which indicate what the people of western Canada are thinking. They are thinking about separation, and they are not fooling as the province of Quebec may be. Some contend that feasibility studies have proved that western Canada would be better off today if it were not part of the rest of Canada. I am not saying we want that to come about, but that is what could happen if this government sits on its haunches, as it has been, and pays no attention to western Canada. There is a strong movement towards separation, and it may happen. Even the government's supporter in western Canada, the Liberal Premier of Saskatchewan, has warned the government that if it takes no action to offset this trend, it will prove disastrous.

The Premier went on to say:

> —it will reduce incentives to mining and oil industries when they are beginning to develop in Saskatchewan.
>
> Canada's national railways were contributing to disunity by refusing to give the prairies freight rates competitive with the rest of the country—
>
> While the province's potash industry was fighting for survival the railways not only refused to lower potash freight rates to Vancouver, but raised them six per cent.

The freight rate increase would not be possible unless the commission had authorized it. Surely the government could have stepped in and said, "There will not be any increase. We have an austerity program and have asked farmers to tighten their belts. We will ask all others to tighten their belts." Surely, the austerity program is not designed to benefit Ontario and Quebec alone. It should be of benefit to all Canada. The government ought to practise what it preaches in this respect.

Having listened to the minister and read the bill, I still do not know what this $200 million expenditure is all about. If it is a capital expenditure, maybe we should give it further consideration and ask whether, in view of the unsettled state of our economy, we could do without it. We should not spend money unnecessarily at this time because we, in western Canada, are forced to curtail our expenditures. I talk as a businessman and farmer. We cannot derive adequate revenue from our products and the government appears to be making no effort to dispose of them at prices prevailing in the world. In fact, one of my constituents the other day said he was annoyed because Ontario and Quebec seem to enjoy a monopoly control over our wheat delivery system. He suggested that we could build terminal elevators in Newfoundland.

Mr. Lundrigan: Hear, hear.

Mr. McIntosh: We could ship our grain to Churchill at lower cost, and from there take it over to terminals in Newfoundland for export. We would then avoid the bottleneck that we experience at present at the lakehead. Also, I suggest that course would enable us to sell our wheat at lower prices on the world market so our farmers would have a better chance to make a profit on it. This suggestion is merely one of many coming forward from westerners now.

The newspaper article dealing with Premier Thatcher's statement reads:

> The premier invited Prime Minister Trudeau to examine western Canada's freight rate structure 'with the same attention it has given the Quebec question.'
>
> Mr. Thatcher said the attitudes taken by the Canadian Pacific and Canadian National railways 'make us wonder if the CPR and CNR are simply two more companies dominated by eastern Canada which are impervious to the interests of the west.'
>
> 'It is a well-known fact that the CPR holds mineral rights on hundreds of thousands of acres of Saskatchewan land. Perhaps consideration should be given to ending their relatively free ride in this field.'

Although I do not agree too often with Liberals, I agree with the Premier's statement. The western viewpoint on this question should be considered. I should like to deal with it at greater length but time does not permit.

I should like to put on record an editorial that appeared in the Winnipeg *Free Press* on November 12, outlining very well the western position on this matter. It is entitled, "CPR's Obligation". I have already shown the relationship between the CPR and the CNR. I believe the CPR, on various occasions, has used the CNR in order to better its position in

relation to the abandonment of rail lines as well as to the obtaining of increased freight rates. It is amusing for a westerner to listen to eastern members talking about problems created by the CNR in many eastern constituencies. For years we in the west have faced such problems, and we know all the tricks the CPR has indulged in to downgrade passenger service and freight service in some areas. Actually, in one community in my constituency the CPR took the telephone out of the railroad station, so that people could not telephone to find out when the freight would arrive. When the railway wants to abandon a service it does things like this, and then goes before the Transport Commission saying, "There is no need for service". The Commission apparently swallows that story. Apparently, it does not examine the question of the public's interest. In the field of transportation perhaps I am a socialist. I believe that the people of Canada are prepared to pay any deficit that is necessary to satisfy the public interest in this field. Transport is as important as our postal service. It is essential and we must maintain it, even if in so doing it costs us money.

• (3:50 p.m.)

This article reads:

—and in many cases have been granted it—to discontinue service on unprofitable branch lines.

I doubt whether they are unprofitable, Mr. Speaker.

Where they have been required to continue the service at a financial loss, they have been recompensed through subsidies; and after 1975 such subsidies will be tied directly to any losses suffered on services that are being maintained as a necessary public service.

But it is one thing to abandon unprofitable branch lines; it is quite another thing to give up all passenger service across the nation. And the CPR must know that its request will not, and should not, be granted, for a number of reasons.

I can also include the Canadian National Railways in that statement, Mr. Speaker.

One is that train passenger service in some areas is the only satisfactory way of getting people from one place to another. It is true that buses, airlines and trucking companies have taken much business away from the railways in recent years.

This again, Mr. Speaker, does not paint the true picture because who now operates those bus and truck lines? Any line that is profitable has been purchased by the railway companies. I think in western Canada we see more CP trucks than those of any other trucking firm in the area. The CPR knows it is cheaper to transport a short distance in this manner.

[Mr. McIntosh.]

They also have airlines in their set-up. It is much cheaper to transport people by air than by rail. As the hon. member for Edmonton Centre (Mr. Paproski) said last night, this railway company also has shares in the bus companies. They are bound to win! What we, as members of Parliament are forgetting is that we must see that the public interest is served. I do not think we are doing it by blindly passing a bill such as the one before us without more explanation. I continue quoting:

None the less, in some areas, rail passenger service remains a highly important service. Transcontinental service, on which the CPR claims to have lost nearly $20 million last year on its trains between Montreal-Toronto and Vancouver, is a case in point.

The hon. member for Edmonton Centre pointed out yesterday that anyone who reads such a statement by the CPR, and who has made efforts to get reservations on these trains will be hard pressed to believe such a statement. On many occasions prior to the first attempt to abandon passenger service on Canadian transcontinental trains, I was unable to make a definite commitment as to my time of arrival at a certain destination because I was not sure that I could get reservations. Even an hour before I departed, I was not sure if I had a reservation on the train. There was something wrong. The lack of service was either deliberate or a revision of the reservation system was needed. Computers could be used. The railways say they are losing money because of low freight rates. How do they arrive at that conclusion if they are not good with figures? This was a subterfuge because the railways were leading up to the suggestion that has already been put forward to abandon passenger service. I continue quoting:

None the less, in some areas, rail passenger service remains a highly important service. Transcontinental service, on which the CPR claims to have lost nearly $20 million last year on its trains between Montreal-Toronto and Vancouver, is a case in point. These trains, at least in summer, are well patronized—as anyone who has travelled on them will agree. They provide service between major cities and towns—the only service in many cases other than aircraft and buses. But many people find a long bus trip too exhausting. Many people, even in this enlightened day and age are reluctant to fly.

There is quite a large group in that category, Mr. Speaker.

These are strong reasons in themselves for the continuation of transcontinental train service.

I agree with that, Mr. Speaker. However, I think the situation in western Canada is well summed up in the last paragraph.

There is another factor to be considered—the historical. By an Act passed in the Canadian Parliament in 1881, the Canadian Pacific company was given substantial concessions in return for building a line to the West Coast. These included subsidies totalling $25 million cash—a much larger sum in those days than it is now—

That, we well know.

—and a grant of 25 million acres of land. Out of these concessions, and because of them, the CPR expanded into areas far removed from rail service —hotels, mining and smelting, an airline—which have been highly profitable.

In return for these concessions the CPR agreed to build the railway and operate it "thereafter and forever." This means that the CPR cannot expect to duck out of some of its commitment now, simply because one aspect is now unprofitable. There may be a case for subsidies for unprofitable services—this is a matter for the transport commission's wisdom. But clearly the railway has an obligation to the country to carry on its services in return for concessions given. One cannot be withdrawn, in fairness without the other also being taken back.

I suggest, Mr. Speaker, that the proposal made by the hon. member for Timiskaming (Mr. Peters) that we take this debt off the books of the CNR can be done because it was done in the case of Expo. If the representatives of the CNR were to appear before a committee of Parliament, as they usually do, and explain whether they are able to make a profit or must create a deficit at the rates they are charging, I think hon. members would be in a much better position to decide whether the rates in Canada are too high or too low. If their profit is too great, it is our responsibility to cut freight and passenger rates so that the people of Canada can afford to travel in that manner.

The way the situation is developing in Canada, Mr. Speaker, I daresay before very long there will be very few people in western Canada who will be able to travel by air. Instead, they will have to get a cheap bus ticket or sit up all night on the train whenever they must travel from one point in Canada to another.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, under ordinary circumstances this would be a rather routine bill which, according to its title, asks this House to provide for certain capital expenditures for Canadian National Railways and Air Canada. But as my colleague for Swift Current-Maple Creek (Mr. McIntosh) and others have pointed out, the title of this bill is thoroughly misleading because it also provides for this House to authorize the Minister of Finance (Mr. Benson) to make loans to both Canadian National Railways and Air Canada to meet obligations as they fall due; in other words, to make loans to these two Crown corporations to meet potential operating deficits.

It is on that basis I find myself participating in this debate. The bill stands in the name of the Minister of Finance. Normally, I would reply to matters raised by the Minister of Finance, but this essentially is a transportation matter. It is for that reason members on this side of the House who are primarily interested in matters of transportation have led the debate. I have been in this House a number of years, Mr. Speaker. The wheel seems to have gone around one whole revolution. I recall in the years 1958 and 1959 the CNR was in serious trouble with its passenger service. I have here results of discussions I had with the late president, Donald Gordon. He admitted they were in trouble because they were doing a lousy job on their passenger service.

• (4:00 p.m.)

On the other hand, the Canadian Pacific did seem to be doing a good job. They welcomed people aboard their trains. At the present date, I must say, the reverse applies. I do not know what it was that led the management of the Canadian National in 1959, 1960 and 1961 to take another look at its stand with regard to passenger service. But it accomplished veritable miracles, not only as to the number of people carried. All one had to do was contemplate the morale of personnel connected with passenger service. In the years 1957, 1958 and 1959 there was scarcely an employee of the CN who was proud to work for the company. But after the changes which were brought about in railway passenger services through a number of measures there was a complete reversal of attitude on the part of the company's personnel. They were proud to work for the CN and it was, frankly, a pleasure to travel CNR.

The results of this change were apparent. In Edmonton, during the summer, one saw huge trains of 19 or 20 passenger cars, double sections, on the normal runs. The baggage men who had previously played pinochle to keep themselves occupied—I do not really know how they put in their time—were called upon to put in a great deal of overtime tc keep up with the demand. And they were glad to do it, because they knew their business was succeeding.

As shown in the operating reports of the CNR, the passenger service has never made a profit. But it was making real progress. The transport of passengers, Mr. Speaker, is part of the over-all transportation picture. Neither the CN nor the CPR are exclusively devoted to the carriage of either passengers or goods. They are in the transportation business. They have planes; they have highway vehicles Canadian Pacific has ships. They are in the business of transportation. I fail to see why either of the railroads should claim it can get out of any particular aspect of the service it has the responsibility of providing—transportation facilities in this country. Theirs is a situation which is a peculiar one. As to individual services, there may be a reasonable argument. I do not understand the attitude of the Canadian Pacific at all and I am prepared to tell them I think they are wrong, as I told Donald Gordon I thought he was wrong over ten years ago. Obviously, other people told him he was wrong, too. Mr. Gordon, as those who knew him will tell you, took a lot of convincing. But somebody told him, and he was convinced. Then, he went out and did a good job through his management. Today I find it disconcerting that the company would hope to fall back into the same old attitude, though I recognize that the transportation legislation as passed by this government invites that attitude.

I recognize there are railway passenger services which do not pay. All right. The act says the railroad companies can make representations to the Transportation Commission. If the commission finds, on the evidence before it, that the service or services in question ought to be maintained even though there is a loss, the railroads become entitled to a subsidy up to 80 per cent of that loss. I would say the railways would be chumps if they did not avail themselves of what I call the blueprint of that formula. This is why we see these proposals before the commission.

I say that in the meantime the railroads, particularly Canadian National as far as its actions concern Edmonton, have created a morale problem among their employees. I do not know whether there is a great gap between the Montreal head office and the company's employees in the field, but somebody has missed signals as far as I can perceive the reaction among hundreds and hundreds of CN railroad employees in the City of Edmonton. The removal of trains five and six, which, by the way, are not exclusively passenger trains, will mean dislocation for men with between 10 and 15 years of service.

[Mr. Lambert (Edmonton West).]

Some with less than 10 years service will face complete lay off; those with between 10 and 15 years service can avail themselves of the dubious privilege of bumping which exists among railroad employees; they can work in another division. But what a dubious privilege that is.

I want to ask some questions with regard to trains five and six. Does the Canadian National, when counting the cost of operating these trains, take into consideration the revenue from the piggyback service which is an essential part of those trains? What about the carriage of mails? I have not heard that the Postmaster General is going out of business. My goodness, mail service is bad enough as it is. If trains five and six are cut off in the winter, what are we going to do? One could readily transport second class mail, newspapers, magazines and parcels, over relatively short distances in central Canada by truck. But sending such mail to the Atlantic provinces or out to the prairies is another matter altogether; one might as well hook up a dog team, or start a pony express. The service will deteriorate. Here again it is the ordinary member of the public who will take it in the neck.

Again I say that since this bill authorizes the making of loans to cover operating deficits incurred by national railways we have every right to ask pertinent questions about the service provided. The hon. member for Madawaska-Victoria (Mr. Corbin) made one of the most bitter attacks on the CNR I have ever heard in this House over the years; I think he was fully justified in speaking as he did on behalf of his region and his constituents. For the same reasons I support the motion of the hon. member for Temiskaming (Mr. Peters) and I urge all hon. members to support it. This bill could be rejected and the railways could come back in with a proper proposal. The same thing applies to Air Canada, and I will have something to say about that as well. I am waiting to see whether those government members who have been bitterly critical of the operations of the national railways are going to support this amendment. Perhaps they have been just paper tigers.

• (4:10 p.m.)

Let me now refer to Air Canada. I asked a question of the Minister of Industry, Trade and Commerce (Mr. Pepin) the other day but Mr. Speaker did not see fit to allow an answer. I put the question on for the late show debate but I should like to elaborate on

this matter at this time. As a result of the strike in the nickel industry in this country an almost disastrous shortage of Canadian nickel has been created in world markets. It may be that those employees who insisted on the privilege of striking may rue the day they started this strike, particularly if that market should be materially affected. Other sources for this nickel have been sought and other facilities have been developed. One of the companies involved was Falconbridge. That company took the unusual step to preserve its international market of using air freight to Norway where its ultimate refining facilities exist for its European market. It shipped sufficient ore concentrate through the use of 50 Boeing 707's. It might have used DC-8's. In any event air freighters of that capacity were used and we were told that the freight bill to Falconbridge amounted to $1 million. Who got the contract in this regard? It was KLM which obtained the contract, a Dutch air line.

Some hon. Members: Shame, shame.

Mr. Lambert (Edmonton West): I give full credit to KLM. If they were awake and on the spot with sharpened pencils, more power to them. I should like to know what Canadian carriers did. Did they sit on their well known "whats"? Perhaps Canadian carriers do not have the aircraft required. They may have valid reasons for not competing, but we should like to hear them. We are being asked to give the Minister of Finance authority to make loans to meet the operating or potential operating deficit of Air Canada.

I am informed that Falconbridge circulated all Canadian carriers but that only one expressed any interest. There may be reasons for this. Perhaps some of the carriers do not have the freighters available or could not lease them. It seems to me they should come up with an answer as to why they could not lease aircraft. I know very well that last summer when we had a strike in Air Canada the CPR was able to lease aircraft from airlines across the border.

Many of our Canadian airlines enjoy good charter service in the summer during which time they make a profit. In the winter months they lease these aircraft to United States airlines which use them on charter service as they see fit. What happened to these aircraft during the winter months? Surely, these Canadian carriers felt it worth while to carry Canadian goods from a Canadian point to a Canadian market overseas. What was wrong with their pencils that they could not figure out or negotiate the leasing of aircraft to carry this commodity? If this had given them a return of even 5 per cent they would have made a profit of $50,000.

There might have been other advantages to other Canadian carriers carrying this commodity. They would have flown the Canadian flag, carrying Canadian goods to an international market. We now have a wide awake international company flying aircraft into Canada, picking up Canadian goods and delivering them to a Canadian refining facility in Norway serving a Canadian market. This fact raises many questions to which there must be some answers. There may have been legitimate reasons for this lack of initiative. If the answer is simply that a Canadian carrier quoted a rate that was higher than the rate quoted by KLM, or that they could not meet the rate quoted I should like to know why. If the Canadian carrier happens to be Air Canada I want to know much more.

My colleague the hon. member for Swift Current-Maple Creek (Mr. McIntosh) has drawn the attention of this House, not to a misleading discrepancy, but to a definite omission in the title of this bill. I am sure that 90 per cent of hon. members in this House, and perhaps even more, when they considered Bill C-7 thought it was a bill authorizing certain capital expenditures on the part of the Canadian National Railways and Air Canada. This measure goes much beyond that.

What do we do with a loss when a Crown corporation cannot make an operating profit? What we are doing actually is voting moneys for that Crown corporation, either in the form of direct grants or in some other way, to pick up its funded obligation. Because of the unsatisfactory explanation and the lack of information in this regard I intend to urge my colleagues to support the amendment proposed by the hon. member for Timiskaming (Mr. Peters). I invite hon. members opposite who have spoken in support of this bill to give concrete evidence that they were not merely paper tigers but that they meant what they said.

In so far as the CNR is concerned, and its application in respect of trains No. 5 and No. 6, I suggest they should withdraw these applications until they make a better presentation to the public. They should give better explanations to their employees and communities such as Edmonton, Saskatoon and Winnipeg, as well as the other communities in between which depend on the services of

these trains. They should tell them the reasons behind this proposal. I know our senior CNR officials in Edmonton. They are reasonable men. They may have a good case. But a good case that is kept between the covers of a file folder is no case at all. They have a job to do with regard to public relations because they are as much a part of the communities of Edmonton, Saskatoon, Winnipeg, and all the points between Winnipeg and the Pacific coast that will be adversely affected by this decision, as, for instance, all those people who work on the CNR and live in the city of Edmonton and I are a part of the city of Edmonton.

• (4:20 p.m.)

I invite this House to support the amendment and give this bill as it now stands a six months' hoist.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I feel it is my duty to take part in this most interesting debate on Bill C-7 concerning the Canadian National Railways. The bill, which was introduced by the Minister of Finance (Mr. Benson), bears this title:

An Act to authorize the provision of moneys to meet certain capital expenditures—

And here I stress the word "capital", since my remarks will bear on it. I resume my quotation:

—of the Canadian National Railways System and Air Canada, for the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee—of certain securities to be issued by the Canadian National Railway Company—

I suppose that these securities will be somewhat similar to those issued by Quebec Hydro: $50 million in 9¾ per cent bonds in order to get the company in question deeper into debt.

Since the beginning of the debate many hon. members have expounded great theories about the C.N.R., but they have touched very lightly on the financial aspect of the question. I shall try, Mr. Speaker, to deal with it myself.

First, under this bill the government is asking the House to authorize the C.N.R. to make expenditures not exceeding $201,700,000.

Secondly, the House is asked to approve credits of $82,000,000 in order to enable the C.N.R. to discharge obligations incurred prior to the 1st day of January 1970 so as to repay part of the debt.

Thirdly, this company is asking us to approve credits in the amount of $113 million, in order to finance some construction contracts that will be awarded before July 1, 1970.

When one considers the C.N.R. plans for the province of Quebec, one wonders what additions and what changes they are making, since they are always cutting the service in the province.

To top it all and to give the House the opportunity to show its liberality towards the Canadian National Railways, we are being asked to vote an additional amount of $19 million for a loan to build new branch lines.

It all amounts to the nice total of $415,700,000. This is then the matter before us.

I shall not try, like some members of the New Democratic party, to determine whether the C.N.R. is really a Crown corporation. What is important is that this Crown corporation is asking the House to vote the fantastic amount of $415 million while, according to the MacPherson report, all Canadians are wondering whether the Canadian National Railways are really tailored to their needs.

Mr. Speaker, our ancestors built the Canadian railways system by the sweat of their brows to connect the different regions of Canada from sea to sea and, somehow, as it was mentioned during the constitutional conferences held before Confederation, to bring some provinces over to Confederation.

Today, the people are wondering about the policy of the Canadian National Railways. I am wondering also. Some say those are regional matters, but to me they are important and I suppose some of my colleagues ask themselves the same questions.

In my riding of Lotbinière, the Canadian National Railways are gradually losing ground, because they give way to other means of transportation, on the pretext that railways cannot face competition.

This region is far enough from the large centers, such as Montreal, Quebec City, Sherbrooke, and Trois-Rivières to be deprived of an adequate and efficient service.

In spite of those geographical problems—and it must be noted that those were initially the reasons for the construction of the C.N.R.—the Canadian Transport Commission decides, for an unknown reason, to abandon branch lines, to close down stations, to fire station-masters, to discontinue some services, especially passenger services.

So, the facilities, the branch lines and all the services that the C.N.R. could provide in our area are, in my view ridiculous, to say the least. At the same time, those who are not consulted on such occasions are asking us to grant them $415 million without further explanation.

We all agree on the importance of this debate which causes some members to flare up every time it is held in the House, and rightly so, because the same problem keeps cropping up. Several studies have been made and we are always faced with the problem of financing C.N.R. and the C.P.R.

Whenever we asked for a better railway service in our regions, officials invariably answer that it is already too expensive and that passenger services are less and less important.

Although they always turn down our requests, they still ask us $415 million without further explanation, only that the money will be used to improve the services.

The Canadian Transport Commission and the C.N.R. are clearly irresponsible and I should like to give an example.

Recently, I received petitions and resolutions from the councils of several municipalities in my area, urging me and others to stand up for those municipalities before the Commission which held hearings in the townhall of Plessisville.

Yet, I received nothing from the Commission, although it had received copies of the resolutions passed by those various municipalities.

So when the Commission held its hearings in Plessisville, the members, paid by the taxpayers pay to represent them, could not do their work, although they had prepared briefs to put forward certain representations.

Therefore, I could not go to Plessisville, unaware that the Commission was sitting there on that date. Yet, I was prepared and had everything ready to try to present the other side of the story, which the Commission refuses to do.

I say that such a procedure is unacceptable, to say the least, and I am tempted to term it dishonest.

Several of my colleagues went through the same experience. As for me, I was and still am prepared to make representations for the stations of Dosquet, Fortierville, Princeville, Victoriaville as well as for the Villeroy-Deschaillons line.

Such are the problems we face. I have been elected a member of this House, but another person could have been elected. Whether the Commission likes it or not, this is not the problem. As a matter of fact, the problem is that the Canadian Transport Commission should know that the people—who pay the $415 million, the interest on them and the annual deficits—have the right to be consulted and to voice their views, through their members of parliament.

• (4:30 p.m.)

I protest against the Commission's way of doing things and I say that it is unacceptable. It drives me to question the rulings and recommendations of the Commission itself because, if, on the one hand, they have the nerve to ask for money and, on the other, they withdraw certain services without consulting the people, it goes without saying that some persons must take advantage of the situation and lead an easy life at the expense of the taxpayers who, through their members of parliament, are not expected to say anything about drafting the policies of the Canadian National Railways.

And yet, Mr. Speaker, it is well known that the Canadian National Railways must become increasingly important in Canada and must update their services. That company operates a difficult but exceedingly interesting business, and if it is to be successful, it must enjoy the co-operation of the public and the authorities.

So many nowadays run the CNR down that one wonders whether there are still some who travel by train. So far as the Commission is concerned, it does nothing to restore its reputation, and if it does—which I doubt—we know nothing about it.

So we can ask ourselves why we should vote appropriations for the CNR. And I am much in earnest when I say this because, clearly, if the Canadian National Railways do not have the co-operation of the administration, their operations will inevitably show a deficit.

That, as a matter of fact, is what has been happening over many years and that, apparently, is also inevitable. Proposals that we could bring forward are not considered and in order not to consider them we are not called upon to present them, and when the time does come to make them, we are not invited to attend the Commission's hearings.

Canadian taxpayers, through their taxes and their efforts, have contributed to the

development of the Canadian National Railways. When our country's constitution was drawn up, the railway was the link between all regions of Canada, admittedly a huge country. As the Prime Minister (Mr. Trudeau) would say, Canadians tightened their belts to build that railway. They are paying today over $70 million in interest on the CNR debt. In fact they are still paying and most hon. members approve unreservedly the policy of the Commission.

Two points should be mentioned here. First, do the services meet the needs of the Canadian people? Has the CNR progressed at the same rate as the country? Is the financing system of the CNR adequate for such a gigantic service company? I doubt it particularly as regards its financing system.

I would like to say to the House that I do not agree with the CNR policy in regard to its financing method, and this because I feel it is ridiculous to pay over $70 million in interest per year to cover the cost of using the railway. Indeed why reimburse more than the capital when the quality of the service is deteriorating?

Mr. Speaker, there is another way of financing the CNR, and turning it into a state-run company will not solve anything, whatever the members of the New Democratic party say to the contrary. They claim that we would then pay less interest. I wish I had more time at my disposal to show that the operation of a Crown corporation always costs more.

A public enterprise cannot guarantee such good services as it is based on a frustrating and overwhelming bureaucratic system which entails unfair treatment about which neither the people nor the members of this house can do anything.

I think that the financing of the C.N.R. should be made through new credits, free from any debt, repayable as per the depreciation rate of the new branch lines, the new stations, etc., which cannot cause inflation and, at this stage, I will expand on this theory.

When the old parties claim that new issues of credit would cause inflation, their argument is indefensible, because under the present financial system, when the government votes supplies or decides to invest in any project, what happens? Our representatives leave on a pilgrimage to meet with big financiers in foreign countries and beg them on their knees to advance them certain amounts of money at an interest rate fixed by high finance. Then they come back, glad that they have undermined even more the position of Canadians in the fiscal and monetary fields, and tell us triumphantly that they have been able to borrow $30 million at a given interest rate. Then, works are undertaken with money borrowed from other countries, scraps of scrip money which allow us to produce and to develop our country.

Obviously, before it was borrowed from the United States, for example, this money did not exist in Canada. Once in Canada, it becomes a surplus, which increases the existing purchasing power and affects the economy.

We, of the Ralliement Créditiste, say that the money we borrow from foreign countries at prohibitive rates only makes our economic situation worse. This money should be based on new credits, in order to finance a public venture like the C.N.R. through the Bank of Canada which should belong to all Canadians and should be controlled by parliament and not by capitalists. Those new credits are evidently new money which increases the purchasing power already existing in Canada just like the money borrowed from foreign countries, the only difference being that it must be borrowed at a rate of interest set by foreigners. Therefore, they exploit us while the Bank of Canada would lend money at a rate of interest not exceeding 1, 1½ or ¾ per cent to pay the administration costs of the loan.

• (4:40 p.m.)

Under the present system, after borrowing at a prohibitive rate of interest amounts which are added to the present purchasing power in Canada, the government increases taxes and the taxpayers are the ones who repay to the government the building costs or the cost of the project. Once the money is recovered, the Department of Finance pays off gradually the interests and principal to foreigners.

Under the present system, in order to build a school, for instance, or to finance the CNR or to build a road, we repay twice or three times the cost of the works before the debt itself is paid off.

Official documents prove that the Jacques Cartier bridge, for instance, and as a matter of fact almost every public property in Canada, is paid three or four times its actual

cost, and this money reimbursed to foreigners. And who repays these loans? The Canadians, always. Of course, Canadians must be taxed three or four times more than necessary, because money costs three or four times more than it should normally.

The Creditiste system does not advocate a procedure that is different from the one I just described, except that it takes into account the solvency of the public, and the principle that public enterprise must be publicly owned and private enterprise privately owned.

According to the Creditiste system, the Bank of Canada would issue new credits at an interest rate lower than 1 or 1½ per cent. This money would be used, as under the present system, to pay the contractors, materials and labour.

Once a project is completed, taxpayers keep being taxed but according to its actual cost. So they are taxed according to the value to the depreciation rate of the project carried out, whether it is a school, a road or a bridge. Furthermore, the government is reimbursed gradually, according to a depreciation rate over 20 or 25 years.

When the government receives money under the present system, it pays it back to foreign countries, its creditors. Now according to the Creditiste system, those amounts would be handed over to the Bank of Canada in order to maintain a balanced economy, avoid inflation and levy taxes according to actual needs rather than to pay interests to creditors.

The taxpayers would benefit from a new project and we would gradually get the Canadian people less and less into debt.

In the case of the CNR, we pay $70 million to foreigners every year, not on the principal but in interests. Although we are paying off the capital, the deficit is increasing from year to year. Every year, it costs more to operate the CNR, although they provide fewer and fewer services for want of funds.

On balance, the present system satisfies neither the government, nor the CNR, nor the taxpayers, nor the members of this House. Yet, the system is maintained and attempts are made to find some solutions in this great darkness. Some Liberal members speak of the Duplessis regime as the time of great darkness, but I say to them that under the present economic system of which they made themselves the accomplices, they are in darkness, especially if they refuse to admit what the Créditistes tell them: that what is public must be financed through public funds, what is private, must be financed through private funds.

To me, this appears reasonable and deserving of serious consideration. Let us not forget that the impracticability of the Créditiste system has never been proved.

As far as I am concerned, I persist in believing that this is the solution, because if we want to provide our country with a modern railway and communication system that meets the requirements of a modern country, we must review our financing system.

It is difficult for me to understand the following fact: The members of the House and the Canadian people in general are asking themselves several questions concerning the improvement of our transportation, broadcasting, taxation systems, etc. However they do not dare reform the monetary system. They are ready to make sacrifices and to invest $15, $20, $30 or $50 million on royal commissions to inquire on matters as varied as pilotage, bilingualism, taxation, etc. They would willingly make every effort to improve a lot of things, but one thing is forgotten, purposely, I think, and that is the monetary system.

Improving taxation, for instance, will improve the economic situation and help to check inflation.

Mr. Speaker, I say the present situation is ridiculous. How can one speak of taxation when there is no money? You cannot have one without the other. That is a truism.

Why then impose restrictions, when it would be so easy to tackle the monetary system directly? All that is needed, is for the government to be convinced of the necessity of a monetary reform. Indeed it should order an inquiry, to prove the merits of our claims.

I gave the financing of the CNR as an example, because in fact it is a scandal. Personally, I cannot join those members who are willing to vote those amounts. I cannot support this bill, simply because voting those amounts without taking into account its economic and monetary implications, knowing beforehand that the services will not be improved, would only make me party to getting Canadians deeper into debt.

From the discussions and consultations I have had repeatedly in the riding of Lotbinière with my electors, it is obvious the

CNR did not do enough to entice travellers to use their trains and make that service profitable.

It seems obvious that the CNR wants to drop its passenger services at all costs.

Many employees in the passenger service are not afraid to say that the railway companies are intentionally discouraging the people from using those services.

Let us just have a look at our constituencies and we shall realize the absurdity of the situation. If the C.T.C. is doing elsewhere what it is doing in my constituency, I am unwilling to vote even a $1 credit for the railways, for their officials are betraying their mission which is to provide the country with a modern transportation network that will answer the needs of the Canadians.

To conclude these harsh but sincere remarks, I would like to ask the officials of the Canadian National Railways to reconsider the situation they have brought upon the municipalities of Victoriaville, Dosquet, Princeville, Portierville, Deschaillons and Villeroy, all of them located in the Lotbinière constituency. As a matter of fact, they dare not even ask the members of the House to give their views on the subject.

I am not willing to quarrel with the C.T.C. for it would be useless. But I do wish I had at least a chance of doing my duty as a member of parliament and of making representations before any decision is made. But then, the C.T.C. should at least advise us in time about its meetings and inquiries.

I will not enlarge further upon this but, in closing, I come back to the financing system of the Canadian National Railways. Such an example should be made known to all Canadians so as to show how ridiculous the whole thing is. While everything is being modernized in Canada, only one thing remains untouched and untouchable, only one thing has remained unchanged since 1867: the monetary system. The day we understand that we must modernize our monetary system, taking into account the respect due to private enterprise and individual freedom, our problems will be solved. For the public servants—particularly those working for the C.N.R.—that will serve as a stimulus to provide a more adequate service. Thus the money they will spend will be more profitable to all Canadians, who will then have to pay only once for their undertakings.

[Mr. Fortin.]

• (4:50 p.m.)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Vancouver East (Mr. Winch)—Harbours—Vancouver—reported leasing of piers to private operators; the hon. member for Halifax-East Hants (Mr. McCleave)—National Security—acceptance of possible committee recommendation for royal commission on subversion; the hon. member for Kootenay West (Mr. Harding)—Pesticides—DDT—plant for collection and disposal of surplus.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, Private Bills, Notices of Motion for Papers and Public Bills.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I believe there will be general agreement to proceed with notice of motion No. 162 in the name of the hon. member for Yorkton-Melville (Mr. Nystrom) and to stand the first two items on the order paper.

The Acting Speaker (Mr. Béchard): Is it agreed that we should proceed as explained by the hon. parliamentary secretary?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

EXTERNAL AFFAIRS

NIGERIA—REQUEST FOR COPY OF MESSAGE FROM PRIME MINISTER TO GENERAL GOWON

Mr. Lorne Nystrom (Yorkton-Melville) moved:

That an order of the House do issue for a copy of the message sent by the Prime Minister to General Gowon, as reported in *Hansard* on July 2, 1969, page 10751.

He said: Mr. Speaker, on November 19, of this year notice of motion No. 162 in my

name was transferred for debate and this afternoon we shall have the opportunity to debate this issue for a few minutes. To begin with, I had a number of reasons for putting this notice of motion on the order paper, one of which was some comments made in this House on July 2 this year. Perhaps I could read these to get the matter in its proper context. At page 10751 of *Hansard* for July 2 a series of questions were directed to the Secretary of State for External Affairs (Mr. Sharp) by a number of members, including myself and, I think, the hon. member for Fundy-Royal (Mr. Fairweather) and the Leader of the Opposition (Mr. Stanfield).

My question to the Secretary of State for External Affairs (Mr. Sharp) was as follows:

Mr. Speaker, I should like to ask the minister whether the Canadian government has as yet protested to the Nigerian government about the fact that the Red Cross has been expelled by the Nigerians from relief activities in the area.

The Secretary of State for External Affairs replied:

Yes, Mr. Speaker, as I said on Friday the Prime Minister sent a very special message to General Gowon following up previous contacts with that government.

On July 14 I put this motion on the Order Paper to try to get a copy of the message sent to General Gowon by the Prime Minister (Mr. Trudeau), but of course the House recessed and I did not get the answer. When the House reconvened in October, I resubmitted the notice for production of papers on November 4 and a reply came from the Parliamentary Secretary on November 19. I should like to read that reply as reported at page 999 of *Hansard:*

• (5:00 p.m.)

Mr. Speaker, communications between heads of government are normally confidential and their contents not made public. In any case, such action cannot be taken unilaterally. In the circumstances, I would ask the hon. member to withdraw his motion.

The motion has not been withdrawn and has been transferred for debate. I cannot properly outline my case in 20 minutes, and in any event I do not wish to take up the time of the House. The House and the government must be aware of our position on the question of Nigeria and Biafra. Surely, it is apparent that we are interested in having made public the communications between our Prime Minister and the head of the Nigerian government, notwithstanding the statement of the Parliamentary Secretary to the Prime Minister (Mr. Walker) that communications of this sort between heads of government are normally confidential and cannot be made public. Since the parliamentary secretary said that this information could not be given unilaterally, I hope he will tell us in his reply that he has consulted the Nigerian government and asked if it is willing to have this information made public. If that is so, I hope he will tell us when he asked, and if not, why not. The Canadian people have a right to know what was said by our Prime Minister to the Nigerian government about the Red Cross being expelled from that country. As I say, Canadians are very interested in this and have the right to know what our Prime Minister is saying. I suspect that what the government has said about difficulties being created by the war is just an excuse. It does not want to keep us informed and does not seem to want to alleviate the suffering in this tragic part of the world. We cannot excuse the government for its attitude, and we must put as much pressure as possible on the government. I shall, therefore, resume my seat in the hope of hearing a satisfactory explanation from the Parliamentary Secretary to the Prime Minister.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, on November 19 last the Parliamentary Secretary to the Prime Minister (Mr. Walker) said that messages exchanged between heads of government were confidential and not made public. He also pointed out that such actions could not be taken unilaterally. I do not need to remind hon. members of the House of the intense interest the Canadian government has taken in the problems posed by the Nigerian civil conflict. The Prime Minister (Mr. Trudeau) described it in his statement last week.

As the Secretary of State for External Affairs (Mr. Sharp) informed the House on July 2, the message in question from the Prime Minister to General Gowon reminded the Nigerian head of state of the deep and continuing concern of the Canadian people for the innocent suffering as a result of the conflict. It also expressed the hope that means might be found which would permit the continuation of humanitarian relief efforts directed towards civilians in all parts of Nigeria.

The Canadian government has been able to speak frankly to the government of Nigeria on many aspects of the conflict and it is the government's intention to continue to do so. Our exchanges have taken many forms, one of which has been correspondence between

Division

the Prime Minister and General Gowon. We would not be able to safeguard the confidence which underlies our relations if communications of a confidential nature were made public. In view of this, I wonder if the hon. member would consent to withdraw his motion, with the consent of the House.

Mr. Knowles (Winnipeg North Centre): Question.

The Deputy Speaker (Mr. Béchard): Is the House ready for the question?

The House divided on the motion (Mr. Nystrom) which was negatived on the following division.

YEAS

Messrs:

Alexander
Baldwin
Barnett
Bell
Benjamin
Bigg
Burton
Cadieu (Meadow Lake)
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Downey
Dumont
Fairweather
Forrestall
Fortin
Gilbert
Godin
Harding
Horner
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Latulippe
Lewis
Lundrigan
MacEwan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacLean
MacRae
McCleave
McCutcheon
McGrath
McIntosh
McKinley
Mazankowski
Moore
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Nesbitt
Nowlan
Nystrom
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rondeau
Rose
Saltsman
Schumacher
Simpson
Skoberg
Southam
Stanfield
Tétrault
Thomson (Battleford-Kindersley)
Valade
Winch—65.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Basford
Béchard
Benson
Blair
Blouin
Breau
Buchanan
Caccia
Chappell
Chrétien
Clermont
Cobbe
Comtois
Corbin
Côté (Richelieu)
Côté (Longueuil)
Crossman
Cullen
Cyr
Deachman
Deakon
Douglas (Assiniboia)
Drury
Dubé
Émard
Forest
Forget
Francis
Gervais
Gillespie
Givens
Goode
Gray
Groos
Guay
(St. Boniface)
Guay (Lévis)
Guilbault
Hogarth
Honey
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jerome
Kaplan
Lachance
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Lessard
(Lac-Saint-Jean)
Loiselle
MacGuigan
Mackasey
McIlraith
McNulty
Mahoney
Marceau
Marchand (Langelier)
Mongrain
Morison
Munro
Noël
O'Connell
Osler
Otto
Ouellet
Pelletier
Penner
Pepin
Pilon
Portelance
Pringle
Prud'homme
Reid
Roberts
Rochon
Rock
Roy (Timmins)
Roy (Laval)
Ryan
Serré
Smerchanski
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Sullivan
Thomas (Maisonneuve)
Trudeau
Trudel
Turner (London East)
Wahn
Walker
Watson
Weatherhead
Whelan
Whicher
Whiting
Yanakis—109.

• (5:30 p.m.)

Mr. Speaker: I declare the motion lost.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, possibly the House would prefer that we call it six o'clock.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Order, please. Apparently there is no agreement that we call it six o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I made the request because I thought there was agreement.

Mr. Benson: There is agreement.

Some hon. Members: Agreed.

Mr. Speaker: Order, please. I understand there has been a change of heart and that there is now agreement.

At 5.33 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

BUSINESS OF THE HOUSE

POSITION ON ORDER PAPER OF MOTION OF MEMBER FOR ST. JOHN'S EAST—RULING BY MR. SPEAKER

Mr. Speaker: Order. Earlier today the hon. member for St. John's East (Mr. McGrath) raised a point of order with regard to the position on the notice paper of a proposed notice of motion which he had filed on Wednesday last.

I have carefully perused the remarks made by the hon. gentleman from St. John's East and also those contributed by the hon. member for Peace River (Mr. Baldwin). If I understand the question at issue, it would seem to me that the hon. member for St. John's East contends that his proposed motion raises a question of privilege and, as such, that it should have been listed under Motions so that it could be considered tomorrow.

Today in his comments the hon. member for St. John's East suggested there should not be two procedures followed in the consideration of questions of privilege, that is, a procedure which could be used by members of the government and another for other members of the House.

It is obvious, of course, that most of the time of this House is set aside for the consideration of government business, but it should be pointed out that the rules or Standing Orders which are enacted by the House provide for that division of time as between the government and private members. It is not within the competence of the Chair, I suggest, to endeavour to reallocate time to private members by means of decisions of the Chair.

It was suggested, also, that a member of the government could avail himself of a priority in having a question of privilege considered as government business. In the limited time at my disposal no precedent could be found in that regard except such motions as were proposed by private members, debated, transferred to and subsequently considered under Government Orders by virtue of the operation of Standing Order 45(2).

At any rate, it seems to me that the position on the notice paper of the proposed motion is not of the essence at this time. If the question raised by the hon. member for St. John's East is a prima facie question of privilege, I suggest it could have been transferred to and considered under Motions yesterday or it could have been proceeded with today notwithstanding its position on the notice paper. At page 304 of Bourinot's fourth edition it is stated:

> Questions of privilege have precedence over other matters when they appear among the notices of motion.

What the Chair must decide is whether certain propositions set forth in the proposed motion constitute a prima facie question of privilege in the light of our practice. The Chair must, of course, make a decision on the evidence at hand, which in the present instance is a notice of motion filed by the hon. member for St. John's East.

May I for a moment examine with hon. members the proposals set forth in that motion. To begin with, it proposes the referral of one general and two specific propositions to the Standing Committee on Privileges and Elections. It would ask the standing committee to determine the general proposition as to whether it is the privilege of a member of a standing committee of the House to call a meeting of members of a committee for the purpose of electing a chairman and a vice-chairman.

Hon. members will agree that this is by no means a new question. It has been generally understood for many years that such power does not rest in every individual member of a standing committee. It is particularly so, it seems to me, when the committee has received no order of reference from the House. In that regard I should like to refer hon. members to *Hansard* of October 28, 1963, pages 4071 and 4072, where the very same question was dealt with by the then Speaker, who said:

> The government leader in the House, who followed the hon. member for Medicine Hat and who was careful to state that he had not made any study of the question, declared that he had "no doubt it has been the custom that these committees be set up at the suggestion of the government whip as a convenience", but he added other comments which are not in accord with the conclusions of this memorandum.
>
> Perhaps we can leave it at that, with the further suggestion that as the procedure is not clearly defined in our standing orders, this might be a matter that could very well be studied in the committee on procedure.

Obviously, the practice today would appear to be the same as that of 1963. If there was no prima facie question of breach of privilege in

1963, which was the decision of the Chair, it is difficult to understand that a new privilege has in some way been created since then. The enactment, in itself, of Standing Order 17(2) does not create a new procedure for the consideration of a prima facie question of privilege. The true and conclusive test in giving priority to a motion of privilege is that a prima facie case be first established.

I suggest it is open to any member to call attention to the listing of the position of his motion on the order paper. Indeed, the hon. member for St. John's East did so today. In this regard his point of order was quite well taken and was within his right. I suggest to the House this is the way to proceed, that is, the notice having appeared where it appeared on the order paper, it was left to the hon. member to raise the matter as a point of order for the consideration of the Chair.

The first specific proposal stated in the motion is the following:

(a) whether there was a breach of the privilege of the member for St. John's East in the failure of his effort on the 2nd December, 1969, to call a meeting of the Standing Committee on Regional Development under Standing Order 65(2).

• (8:10 p.m.)

In the opinion of the Chair, it must follow that when it is not open to any and every member of a standing committee to call an organizational meeting of the committee, there is no breach of the privilege of the hon. member for St. John's East in the failure of his effort on December 2, 1969, to call a meeting of the standing committee. In proposition (b), the Committee on Privileges and Elections would be asked to consider:

Whether there has been a breach of the privileges of all members of this House in the neglect, by that member who may be charged with the duty of calling a meeting of the Standing Committee on Regional Development in accordance with the provisions of Standing Order 65 (2), of such duty to call a meeting of that committee as soon as possible after the commencement of this session—

The considerations which apply to part (a) of the motion, I suggest, are equally relevant to part (b) of the hon. member's proposition.

In finding that a question of the privileges of the House is not prima facie involved in this motion, I am making a procedural decision the effect of which will not prevent the further discussion by the House of the matters in issue. The effect is to refuse precedence to this discussion but not to prevent it.

If hon. members will refer to the decision of Mr. Speaker Michener, reported in the *Journals* of the House of Commons for June 19, 1959, at pages 582 to 586, they will observe that Mr. Speaker Michener's decision, in analagous circumstances, ruled that when a private member's motion is not prima facie a question of privilege, it must be placed under the heading Private Members' Notices of Motions.

It is my decision that the notice of motion filed by the hon. member for St. John's East, in accordance with the precedent to which I have referred and other precedents, should remain on the order paper under the heading Private Members' Notices of Motions.

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed consideration of the motion of Mr. Gray that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Peters (p. 1578).

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, I am not in very good physical shape because coming, as I do, from Newfoundland and not being accustomed to the harsh climate of Ottawa, I have come down with the flu.

Mr. Forrestall: It does not seem to have affected your sense of humour.

Mr. Peddle: However, I should like to make a few remarks on Bill C-7 which deals with financing the CNR and of Air Canada. I do not wish to delay its passage too long. I would hate to be the one responsible for the government invoking one of its anti-debate, muzzle laws which it is holding in readiness and has not yet had the opportunity to try out.

I confess that every time last year that I have heard or read about the CNR in newspapers, on radio or television, I could not help my blood pressure rising. Last year at about this time we stood in this chamber discussing

a similar measure to finance the CNR and Air Canada. The House will remember that it was mainly the Newfoundland members who were fighting for the retention of the CNR passenger service in that province. At that time we tried to point out that a bus service provided by the CNR would not be adequate for the needs of the half a million Newfoundlanders. We described what we thought the buses would be like, but at that time we did not know too much about the service. Since then I have managed to obtain some first-hand information. A couple of weeks ago I took a trip of 250 to 300 miles on one of these buses for the specific purpose of discovering what they are like.

The first thing that impresses a passenger on one of the CNR buses in Newfoundland—they have very fancy names such as Expedos, Road Cruisers, Super Buses, and what have you—is that perhaps the CNR is trying to convince the people of Newfoundand that they are still aboard a train. I say this because throughout the eight hours I rode on one of these buses two weeks ago, three songs were played over and over again through the loudspeaker system. They were the most tear-jerking rendition by Kitty Wells of "The Engineer's Child", Johnny Cash's "I Hear that Train A' coming", played over and over again ad nauseam and, believe it or not, "Wreck of Old 97". The volume was turned up full-blast throughout the 300 miles, and all we heard were those three songs. I am sure that for some reason or other the CNR tried to convince the people of Newfoundland that they were still on board a train.

To further substantiate that impression there was the perennial Coke bottle, which is always present on a train, lurching back and forth in the aisle. It used to have a purpose on the "Bullet"; we knew that it served real purpose as a stimulant, but no stimulant is allowed on a bus. It was just an empty Coke bottle and an empty gesture to try to make the people of Newfoundland believe they were on a train.

The other thing that strikes a bus passenger is what happens when the bus pulls in at the international airport terminal, the multi-million dollar terminal at Gander. A few days ago I spent two hours at the terminal waiting for a flight. There are about two Air Canada flights a day there, but numerous buses stop there. The buses have taken over the international air terminal. Gander is the most expensive bus terminal in Canada. It is ludicrous to hear an announcement of the arrival of Expedos No. 277 at gate No. 3, or CN Road Cruiser arriving at gate No. 4; all passengers are told to assemble for pre-boarding. I am trying to point out the inappropriateness of the situation.

If you go 25 or 30 miles down the road, you find a huddle of Newfoundlanders on the corner, freezing to death waiting for the bus. This situation goes from the sublime to the ridiculous. It is hard to believe. I have to laugh at this, Mr. Speaker, but it is not really funny. When one gets to the Holiday Inn at Clarenville one hears the magnanimous voice of the driver over the loudspeaker saying, "you have 30 minutes in which to eat". There were 30 passengers on the bus, and except for my riding where I am served first, I am usually served last. With 30 passengers being served, and I being the last one, I figured that I had only one minute to eat my cheese sandwich and French fries before again boarding the bus. We then went on our way; the bus driver turned up Kitty's "Engineer's Child" and away we went down the road. The next thing I knew, I was in a bit of a stupor—

Mr. Blair: Mr. Speaker, may I ask the hon. member a question? Is it his contention that the people of Newfoundland should be denied the opportunity to use the excellent airport at Gander as a facility for meeting the bus?

• (8:20 p.m.)

Mr. Lundrigan: On a question of privilege, Mr. Speaker, are you going to allow the hon. member to make derogatory references to the airport terminal at Gander?

Mr. Deputy Speaker: Order.

Mr. Peddle: The main point is that we have some very excellent railway stations that should still be in use. This is the point I am trying to make—let the aircraft use the air terminals. Anyway, Mr. Speaker, there were a number of small incidents en route that I will not mention. But the biggest single indignity that makes me think the CNR are trying to make us think we are still on a train is that they run the bus through the centre of St. John's, past all the hotels, and park it right by the railway station. It costs a passenger several dollars for a taxi back to a hotel. At Gander they give one the impression that these buses are flying. When they announced the arrival of the CNR superbus I saw tourists actually put their hands to their foreheads and look up into the sky to see its arrival.

As a result of our debate I saw this headline in the Ottawa *Journal* this week, "CNR

Draws MPs Fire—Said Exterminating Service." This time last year when we tried to point out to the House that the CNR was starting to exterminate its passenger services, hon. members got the idea that we were trying to provide entertainment. There was the "Newfie Bullet" bit, and people regarded it as a great joke. But some of the people who regarded it as a joke a year ago are making very great speeches now. They are disturbed.

Take the example of the hon. member for Madawaska-Victoria (Mr. Corbin). He is actually angered by the CNR's plan to reduce service to northern New Brunswick. But if anybody refers to the evidence put before the Standing Committee on Transport and Communications during its proceedings last year, he will see that the same hon. member came forward almost as a champion of the CNR, as a champion of his government, as a champion of the CTC, and as a champion of Jack Pickersgill who runs the CTC. Questions to the witnesses were framed in such a way that they were defending everything that was going on. Some hon. members did not have sense enough to realize that this was a trial balloon being flown by the CNR, although this fact was very aptly pointed out by my colleague the hon. member for St. John's East (Mr. McGrath). Don't tell me they were not warned, Mr. Speaker. My colleague from St. John's East, with that foresight of his that almost approaches clairvoyance—

Some hon. Members: Oh, oh.

Mr. Peddle: —said on November 28, 1968, as recorded in the proceedings of the transport committee:

> Mr. Chairman, I repeat with great respect we are not interested in this solely for the reason of trying to set aside this decision—

He was speaking of the decision to abandon our railway passenger service.

> —desirable to some as that may be, but there is a precedent being set here, a very dangerous precedent. What is to stop the Commission from going all across the country and abandoning services in all of the provinces if they are not paying? This is the point that we are concerned with here. They have set a precedent and we want to examine it to see if it is a good precedent because we do not think it is.

How much warning do they want, Mr. Speaker?

Some hon. Members: Hear, hear.

Mr. Peddle: If we had drawn the same eloquence and the same articulation from hon. members last year, if they had opposed this move to deprive a whole province of railway passenger service, if hon. members had been nearly as eloquent and articulate as they are now, when this policy is hitting home in their own ridings, it is quite possible that the abandonment plans in Newfoundland would have been discarded and we would not now be faced with applications for abandonment.

Everybody is disturbed now. All around me I hear people saying that it does not matter if the CNR is making a profit or not; it has to provide service. But they could not, or would not, recognize the trial balloon that the CNR flew in Newfoundland, and so we have the situation we are faced with today. However, there is one difference. In the first case just one small province was involved, but all the people of Canada are now involved in the applications to abandon railway passenger service.

I am going to watch developments in connection with these applications, Mr. Speaker, and if I see that political expediency enters into the matter and these applications are set aside, whereas our appeal against similar applications in Newfoundland was ignored, you can expect in this House and outside it a noise that will be heard all the way from here to Mexico City.

There is talk of separatism in Canada. This talk started in Quebec. Now we hear the rumble of separatism out west. If we in Atlantic Canada continue to be discriminated against, I suggest there may well be a mild grumble of separatism from the east. We in Newfoundland were the last ones to enter confederation, which might make it a little easier for us to get out.

Some hon. Members: When?

Mr. Peddle: Under the circumstances it might be better for us to be a foreign country; then we could apply for some of this fancy foreign aid and do a lot better. We lend money to South America and to Africa to build railways, but with a snap of the fingers we take away railway passenger service from a whole province in our own country.

• (8:30 p.m.)

Mr. Speaker, no doubt some of these applications will eventually be referred to the transport committee. I feel that the Newfoundland situation was very shoddily dealt with inside and outside this Parliament, in committee, and in the CTC by my good old friend from Newfoundland, Jack Pickersgill. I

am reluctant to use the term, but it was railroaded through; there is no doubt about that. I make the proposition to this House that we call the whole thing off; that the service in Newfoundland be restored; that we start all over again and consider—

Some hon. Members: Hear, hear.

Mr. Peddle: Let us see that this situation is given the concern and consideration that has been shown in the House over the past few days, and indeed in the past week. This concern was not evident last year, when it might have completely changed the picture. If the government is going to capitulate because of political expediency, then we want to be in on it and have the rail passenger service in Newfoundland restored. Take the super buses, the minibuses and the "blunderbuses" that we have there now, and put them where they will serve the people of Newfoundland.

Let us have a service for the town of Buchans, which is 60 miles from the nearest railway; let them service Springdale, Green Bay, Baie Verte and all the communities along the northwest coast of Newfoundland in the riding of my colleague from Humber-St. George's-St. Barbe (Mr. Marshall), from Roddickton-Englee and on to St. Anthony and other areas. Hon. members do not know where those places are, but one area in Newfoundland is 400 miles from the nearest bus stop. How would hon. members like to get up in the morning and walk 400 miles to the bus stop?

The railroads couldn't care less. They still think they are running the train and so the highway parallels the rail line. They do not care that people have to travel hundreds of miles to get to the highway; and once there they might have to stand and wait for an unannounced bus—unlike the one that comes from Gander which is over-announced.

If this House is really concerned about passenger rail service, it should give unanimous consent to having it restored in Newfoundland and turn the buses loose. Let us give the people of Newfoundland a little confederation for a change and stop paying only lip service, telling them how lucky they are to be Canadians. Let us show them how lucky they are. It is unfortunate that some concern was not shown a year ago. There was some considerable support from our colleagues on this side, but on the other side of the House they thought we were trying to provide cheap amusement.

During the past few days in this House some hon. members have expressed the opinion that since rail passenger service is a public service, perhaps it should not pay. If this government is allowed to have its way, in another year or so we will have to pay a toll on every bridge. The attitude will be: Give it a year's trial and if the income does not pay the cost of the bridge, tear it down. Let the people ford across as they used to in St. Christopher's time. If a road does not pay, get it out of there.

If we want to be reasonable, just and sensible, a railroad service has to be considered in the same light. It is being considered in this manner now, but a year ago it was not. The railways are now talking about the removal of bits and pieces. Last year we had a test case in our province; I am sure it was a test case. I am sure the CNR said, "Let us do this and watch the reaction." When they saw the reaction of this House, they decided they would go whole-hog. They thought that we in Parliament did not care. The same thing is happening with the post offices—if they do not pay, take them away.

An hon. Member: It is happening to Parliament, too.

Mr. Peddle: It is a foregone conclusion, Mr. Speaker, because we know what is happening in Parliament. I know I am wasting my time and by that remark I am inviting hon. members to say, "Sit down and shut up", but a man has to keep trying.

Some hon. Members: Hear, hear.

Mr. Peddle: When one comes to an assembly like this and realizes that what one says is taken as a joke and that nobody is really serious, I begin to wonder what it is all about. I believe I am here to enunciate as best I can the problems of the people who sent me to Ottawa. Generally, members of Parliament do not become excited, but the hon. member for Madawaska-Victoria was angered this year. He is outraged because the abandonment plan has hit northern New Brunswick. When questioning one of the witnesses last year he asked him to look at the map of Newfoundland, pointing out that there were hospitals 75 or 100 miles apart all along the railway line. He wanted to know if a good ambulance service would not be sufficient for the population in this area. Mr. Speaker, this is the same man who is now angered that the CNR would dare to think of removing a rail service from his town in New Brunswick.

To further indicate the attitude that was freely voiced by the Liberal members on the standing committee and to contrast it with their present attitude, I shall read from the report of the Standing Committee on Transport and Communications, dated February 22 of this year. The hon. member for Burnaby-Seymour (Mr. Perrault) was questioning Dr. Noel Murphy who had delivered a very fine, thought-provoking brief. This will give you an idea of their attitude toward the problem. The following question was asked:

I would like to ask Dr. Murphy a question regarding the terms of entry into confederation on the part of Newfoundland. Do you mean to infer from your statement today that if 100 years from now it is demonstrated that rocket power is a far more feasible way to transport the people of Newfoundland around this province, and to communicate with the rest of Canada, that the people of Newfoundland will still insist that a passenger service, which by then may be completely outmoded and technologically in the stone age, should be retained?

• (8:40 p.m.)

This will give hon. members an idea of the attitude that prevailed.

Mr. Mahoney: What was the answer?

Mr. Peddle: I do not think Dr. Murphy would dignify that sort of garbage with an answer.

Some hon. Members: Hear, hear.

Mr. Peddle: In 1966, when the question arose of the approximate deficit of $900,000 for the CNR, all we heard was, "Look at what we give you in Newfoundland; we give you this and we give you that." Actually, Mr. Speaker, they gave us nothing. We made a deal in 1949; it was a two-way deal. Canada wanted Newfoundland, and Newfoundland wanted to join Canada. An agreement was entered into to that effect. Now, whether we like it or not, we are stuck with the deal and the CNR must treat us the same way it treats any other part of Canada. Although there are many ways of looking at Canada, I like to look at it as being composed of ten provinces—forgetting the territories for a moment—and each of the ten provinces representing a room in a house. Is it not kind of stupid to suggest that anyone who owns a house with ten rooms would let the roof over one of those rooms leak, without doing something about it? We entered Canada, and Canada accepted us.

Speaking as a taxpayer—and contrary to popular opinion, there are people in Newfoundland who pay taxes—whenever I come to Ottawa and see all the nice trappings of the city and its nice buildings, I feel proud to have contributed to all this because it is part of my country. Likewise, I expect people who come to Newfoundland from Ontario, Quebec, British Columbia, Saskatchewan, Manitoba or any other part of Canada, to be equally proud of what they see, because that is part of their country. It is not only our province; it is part of their country. Let us forget all this nonsense about, "We give you this and that." That is for the birds.

Some hon. Members: Hear, hear.

Mr. Peddle: May I return to the subject of buses. On April 30 of this year, as reported at page 8168 of *Hansard*, I directed a question to the Acting Minister of Transport who is now the Minister of Supply and Services (Mr. Richardson)—you will recall that there was a bit of a mix-up between our ministers—and asked whether he would investigate a report of a serious accident on April 25 in which a bus with 30 passengers on board plunged over an embankment near Corner Brook. I think the whole side of the bus was torn off. Actually, the bus was a complete loss and nine of the 30 passengers had to go to hospital. The accident happened shortly after the inauguration of the bus service. I asked that question, as I say, on April 30 and the minister said the accident was being investigated and he would be pleased to report to me.

About a month later, on May 20, as reported at page 8831 of *Hansard*, I asked the Minister of Transport (Mr. Jamieson) if he would look into the matter, because I had not received an answer. He said he would be pleased to look into it. If I may be so bold as to say so now, I should be very pleased to get an answer. It is eight or nine months since the original question was asked. I can forgive the minister for being a little touchy or tender about the subject, but I still want an answer. I think it is in the national interest for us to have it. I do not think I have much more to say, Mr. Speaker. Actually, I do not know how much time I have left.

An hon. Member: Too much.

Mr. Peddle: Hon. members on the government side who are pressing me to sit down should be thankful that I have a very bad cold tonight, because I will now resume my seat.

[*Translation*]

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I think I would fail in my duty if I did not take advantage of the discussion of bill C-7 to submit certain requests on behalf of my constituents about a situation which concerns them. It is rather reluctantly that I do so, because if the government were to comply with every wish of the members, it would cost millions of dollars. But my grievance will not cost anything to anybody if only certain solutions I am going to suggest were applied. I shall not resume the discussion with regard to the CNR, because it is with Air Canada that I should like to deal.

It is rumoured that Air Canada is about to discontinue its stops at Trois-Rivières, the main city in my constituency. We have a fine air strip and terminal and every morning a plane coming from Quebec stops at Trois-Rivières, flies through to Montreal and then to Ottawa. In the evening an Air Canada plane flies back in the opposite direction.

• (8:50 p.m.)

This service is very convenient, all the more as in the last few days, the members of the area have learned they will have to use that means of transportation because the train schedule has been so disrupted that it will be impossible to reach Ottawa in time without starting the day before.

The reason alleged for discontinuing the service is that it is not profitable and that only four or five passengers, on average use it every day. In this connection, I should like to make representations to the Canadian Transport Commission. I shall do so skeptically because I do not have much confidence.

Opposition members will perhaps think I am giving my adversaries an opening in saying that I rely more or less on the constant objectivity of some officials of the Canadian Transport Commission, but I say it anyway because my constituents will be annoyed if I miss this opportunity.

If the service is not profitable in Trois-Rivières, it is because the company does not make any publicity whatsoever. I had the opportunity on several occasions to note that some people from my area—with a population of some 325,000 inhabitants—going for example, to Western Canada, Florida or Europe, were driven to Montreal to catch a plane. I told them: After all, a plane leaves Trois-Rivières every morning. And they used to answer: But we were not aware of it!

Before discontinuing that service, Air Canada should launch an intensive publicity campaign, in order to inform the greatest possible number of travellers in the area about its services. In fact, I am greatly interested in flying and I think that Air Canada would be surprised to find out the number of potential passengers in Trois-Rivières.

I would, at least, like to ask that the Air Canada service not be discontinued before there is another one to replace it. Let us give to a company that uses smaller planes perhaps the necessary permit to serve the Trois-Rivières area.

I know that some companies would be interested in providing service to Sherbrooke, Trois-Rivières, the Lac Saint-Jean area, Quebec City and Montreal. I think it is fairly important for the people of my region numbering 325,000 not to be brutally deprived of the service presently provided by Air Canada.

Apart from the passenger service provided by Air Canada, the meteorological service will necessarily be discontinued at the airport. The meteorological service is quite convenient for our business concerns and also for the air clubs in the Trois-Rivières area, which are quite prosperous, dynamic and active.

I therefore urge on behalf of the three municipalities of my constituency and in the name of several associations which expressed the wish that I bring this grievance to the attention of those concerned, that the Air Canada service in Trois-Rivières should not be cancelled before an extensive publicity campaign has been launched so that all long-distance travellers may be aware that an airplane leaves Trois-Rivières at 9 a.m. and that another one returns around 6.30 or 7 p.m. Several other passengers may be thus recruited. This service should at least not be discontinued before another one has been substituted for it.

I am going to say once more something that will seem trite: that we are so deeply involved in the age of aviation, considering progress achieved, that it would be retrograding to abolish, in a city which is the main centre of its region, a service that is of the greatest importance to contractors or businessmen who have to travel long distances with great speed.

I strongly urge that this service be maintained. I will have the opportunity to raise this matter again and I hope that I will have more luck with the Canadian Transport Commission than I had when I requested that the

rail service in the Trois-Rivières area be maintained, that they operate an additional train during Expo, when I was given all sorts of reasons and finally no satisfaction at all.

There are limits to what one can get out of a city as the one I represent which is the main centre of an area. Actually, mention is made of the possible abandonment of some other services. I will not deal now with the subject because it would not be in order. However, I would not want the air transportation service to be discontinued.

I hope that the Minister of Transport (Mr. Jamieson) will consider favorably the request of the citizens in my riding and that he will see fit to argue our case with the Canadian Transport Commission which is now considering the application made by Air Canada for cancellation of its air service in Trois-Rivières.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it is obvious from listening to members from all parties in this debate that if this bill was permitted to be voted on in the form of a free vote, Canadian National Railways and Air Canada would have to look somewhere else for their finances; they would not get them with the approval of the House.

Some hon. Members: Hear, hear.

Mr. Orlikow: The hon. member for Three Rivers (Mr. Mongrain) is the last of a number of Liberals who have been critical of the CNR and Air Canada. Members of all three opposition parties—

Mr. Mongrain: On a question of privilege, Mr. Speaker, I do not want to hurt the feelings of the hon. member opposite but he just said "Three Rivers", which constituency does not exist.

Mr. Orlikow: I apologize to the hon. member. If he wants his city to be called Trois Rivières, he is entitled to that. Unfortunately, some of us did not have the opportunity of growing up in a part of the country in which both English and French were spoken regularly. I admit a failure on my part to be able to speak French as I would like to, but I have tried to understand the problems of Quebec and on occasion I have spoken in a way which has brought commendation from at least some people in Quebec.

With the change in our rules, and sending the estimates of the Department of Transport to committee, this bill is really the only

opportunity which members have to discuss in the House the problems of transportation in all forms. In a country as large as Canada, one of the largest in the world and one which is sparsely populated, transportation is probably more important to its people than it is to people in other countries.

Since I came to the House of Commons in 1962 there have been many debates on the problems of transportation. Several years ago the transport committee met for many months to work on the drafting of a new bill, the passage of which we hoped would begin to sort out the problems of transportation, giving us a co-ordinated system of transportation in which air, rail, bus, trucks and ferry boats, I suppose, would be used in the most efficient way to provide this country with the kind of modern transportation system which we require.

• (9:00 p.m.)

It was proposed that a new regulatory body be set up, the Canadian Transport Commission. I remember that my former colleague, the then hon. member for Selkirk and now Premier of Manitoba, sat on that committee. After the committee had met for months and made extensive changes to the original draft bill, he came into this House with more than 20 amendments. Incorporated in those amendments were the proposals which had been made by the provinces of Manitoba, Saskatchewan and Alberta, the wheat pool, farmers unions and other interested organizations, but not accepted by the government.

We passed that bill, Mr. Speaker. We got a new transport commission and a new transport Czar, a former top civil servant and cabinet minister, Mr. Jack Pickersgill. He was appointed chairman, at a salary of $40,000 a year or more. It seems that the more things have changed and the more legislation we have passed, the more things are the same. We in parliament and the people of Canada from one end of the country to the other are still facing the same problems.

I say to the hon. member for Grand Falls-White Bay-Labrador (Mr. Peddle), who just made an effective presentation on behalf of his province, that if he looks at the record of sessions prior to his coming here, he will see that he and his group are not the first to have raised the question of transportation. I remember that when Canadian Pacific Railway dispensed with the "Dominion" transcontinental, their second main train, I predicted in this House it would not be very long before the CPR would be coming back asking

for permission to dispense with the "Canadian," the brightest jewel in their crown and of which they were so proud. I was pooh-poohed and laughed at. It was said it would never happen in our time, but two or three years later they are back.

I have a great deal of respect for the job the officials and staff of the CNR have done. The CNR is one of the largest transport organizations in the world. It is moving more freight now than it ever did; it is moving almost as many passengers as it ever did. It embarked upon an aggressive program of inducing passengers to return to the railways, and it has succeeded to a large extent. I think these people are doing a good job in extremely difficult circumstances. One of the difficulties is this—that ever year they are expected to carry on while the public is being told, "The CNR is operating at a loss.

Mr. Speaker, anyone who understands anything about the history of the CNR realizes this is not true. The CNR is not operating at a loss. Anyone familiar with the facts knows that the CNR has always shown a profit on its operations except for a very few years. The reason the CNR accounts show a loss every year is that the original companies from which it was formed, privately-organized companies including the Grand Northern, the Grand Trunk and, I think, the Grand Trunk Northern, were going bankrupt; they were unable to continue in operation and their stock was worth about 5 cents on the dollar. Instead of the government of Canada simply taking them over, as it should have, it formed the CNR, floated bonds and paid off the shareholders at 100 cents on the dollar. We are still paying interest on the bonds which were floated at that time, and this is the reason the CNR shows a loss every year.

Though the CNR has done an excellent job, I am disappointed that this year, as in other years in recent times, it should have banded together with the robber barons who run Canadian Pacific and applied to the Transports Commission for permission to abandon a substantial part of its passenger lines. The line from Winnipeg to Churchill, one which is of vital importance to a large part of Manitoba from which I come, is one of those it proposes to abandon.

As for the CPR, if ever a group of people have gall it is the directors of the CPR. Here is a company which back in 1880 received its charter to build a transcontinental railway. The company then agreed as follows: "The company shall thereafter and forever effectively maintain, work and run the Canadian Pacific Railway." I submit that for this company to ask an agency of the Crown for permission to abandon its transcontinental run and dispense with all its passenger lines except commuter lines around Montreal is, in fact, in violation of the basic contract it made with the people of Canada.

I suggest to hon. members that they pay attention to the words of the Minister of Energy, Mines and Resources (Mr. Greene) several years ago when he was Minister of Agriculture, at a time when the CPR was making similar applications. A speech he made in Winnipeg in January, 1966 was quoted in the Winnipeg *Free Press* as follows:

> I have no sympathy with the (CPR) attitude that we can make more dollars by abandoning rail lines and renting box cars to the United States because we are a private corporation and we can do as we like.

Later he said:

> That public duty did not stop in 1867 and it has not stopped now.

The minister never made a more important or truer speech than he did on that occasion. I wish to put on record what the owners of the CPR were given at the time they made the contract to which I have referred. As of December 31, 1963, the latest date for which I have figures, the CPR received from the people of Canada grants totalling $106 million and 44 million acres of land from federal, provincial and municipal governments. This can be broken down as follows: monetary aid and federal cash subsidies, $53 million; expenditures by the federal government on lines turned over to the company, $35 million; provincial aid, $12.5 million; municipal aid, more than $5 million. The grand total comes to $106 million. By way of land grants the company received almost 33 million acres from the federal government and 11 million acres from provincial governments. This land includes some of the most important and valuable land in the country. From it has come tremendous corporations such as Cominco and the thriving enterprises at Trail. From Cominco the company had been able to develop its Pine Point property.

The CPR owns huge tracts of timberland. It has been able to establish a most profitable oil and natural gas company by virtue of these gifts of land from the government of Canada. It owns an extremely valuable real estate company. I believe we all know about Canadian Pacific Investments which was formed mainly from the resources and equity flowing from original grants by the people of

Canada. In these circumstances it is almost a disgrace that a company which has been dealt with so generously should have the gall to apply to the Canadian Transport Commission for permission to abandon its passenger services. In my opinion it is time we looked at the question of the CPR.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but as I understand it this bill is intended to authorize the provision of moneys to meet certain capital expenditures of the CNR and Air Canada. I would ask the hon. member to relate his remarks to the subject of the CNR and Air Canada.

Mr. Orlikow: Mr. Speaker, I shall follow your advice, though it seems to me it is impossible to discuss transportation adequately without discussing all forms of transportation, including both railways. In my opinion, one of the reasons we have to deal with this bill today, concerning the advancing of money to the CNR and Air Canada, is that we have failed to develop a transportation policy or a transportation system which would use all forms of transportation at their most efficient levels. This is something we must do or we shall be faced by bills of this kind not only in 1969 but in every year to come.

• (9:10 p.m.)

As I have said, the CNR has in my opinion done an excellent job in the field of moving freight and passengers, and it ought to be commended. It has accomplished this since 1952, since when its work force has been reduced by more than 40 per cent. However, there are a number of problems in respect of the CNR with which I must deal, although not at great length. One problem has occurred every year since I have been here. Every year I had hoped the government, which always promises sympathetic consideration, would take action to settle this serious problem. Every year we have been disappointed. I refer to the very serious problem resulting from the rapidly increasing cost of living of retired employees of the CNR and their inability to live at any kind of decent level on the pensions they receive.

Since my colleague the hon. member for Winnipeg North Centre (Mr. Knowles) came here many years ago, he has been a constant and frequent advocate of an increase in the pensions of retired employees of the CNR. This is not surprising since the city he and I represent has one of the largest groups of CNR employees in the country. When you look at the record and the figures in respect of the treatment provided retired CNR employees, you must as a Canadian citizen hang your head in shame. According to a report filed in answer to a question asked by my colleague, 388 retired CNR employees are still receiving a pension of less than $25 a month; 639 CNR pensioners receive between $25 and $29 a month, and 1,300 employees receive between $30 and $39 a month. There are 1,062 pensioners receiving between $40 and $49 a month; there are 7,715 retired CNR employees receiving a pension of between $50 and $100 a month.

As a result of these low pensions, CNR employees continue to pile up pension fund contributions. The government of Canada has failed to provide an adequate pension for CNR employees. At the same time, the CNR uses the money contributed by employees to the pension fund for investment purposes and to finance its regular operations to the extent of $600 million. This is money owed to employees. It is invested, as are most pension funds. This money is more than enough to substantially increase pensions and reduce the cost to the taxpayers of Canada. Let me join other members of this House in urging the government to direct the CNR to bring its pension plan into a position where it might begin to be fair to its retired employees and enable them to live in some kind of decency.

Let me deal briefly with another question which causes concern to the people of Winnipeg and employees of the CNR. I would use this occasion, within the rules of the House, to repeat the justifiable complaint of the people of Winnipeg regarding the treatment they received from Air Canada. I refer to the way in which that company surreptitiously and illegally moved to Montreal the facilities which were based in Winnipeg. This to a large extent has been accomplished and nothing I can say will alter the decisions which have been made.

There are certain things happening in respect of the CNR organization in Winnipeg which make the people there, particularly CNR employees, feel that we are faced with a repeat performance, this time in respect of the CNR. Let me say, as a member of the House of Commons who is as sympathetic as possible to the problems facing Quebec, that these problems will not be solved by taking work which has been carried out traditionally in other parts of the country and moving it to that province.

• (9:20 p.m.)

One of the major repair facilities of the CNR has always been located in the city of Transcona, actually a suburb of Winnipeg. This area forms part of the constituency of the hon. member for St. Boniface (Mr. Guay), a Liberal member of this House. The secretary of one of the local unions which has members who work in Transcona wrote me several days ago and said:

> The matter of the transfer of work from Transcona to Montreal is a little more complex. It is beginning to look like Air Canada all over again. With the financial shares of Air Canada wholly owned by the CNR it begins to look like Air Canada may not have been entirely responsible for their own folly. Some organization or somebody seems determined to concentrate federal government owned companies in Quebec to the detriment of the rest of Canada. When two large federally owned companies are pulled out of western Canada it ceases to be strictly a company affair and becomes a political one also.

Those are the views of the secretary of that union. I hate to think he is right. Let me deal with the specifics of this case by quoting further from his letter:

> To date 30 of the smaller type diesels have been sent east. We have received 22 of the larger diesels in return. These larger diesels are unserviceable in Transcona due to their size. Now the CNR has decided that when the warranty is finished on these larger diesels they will be returned to eastern Canada and other diesels still under warranty will be sent to western Canada.
>
> At the beginning of 1968 the CNR had scheduled 16 diesels per month to have major overhauls in Transcona. They are now doing only 6 per month and this is to be further reduced next year. The CNR claim they are going to put an addition on to the motive power shop in Transcona in order to repair the new large diesels. The trouble is they have delayed this construction for two years already and it is not in the 1970 budget.
>
> The CNR is proposing to lay off between 150 and 200 personnel in the equipment department across the whole railway system with about 80 at Transcona alone at the beginning of the new year.

The people of Winnipeg have in my opinion been treated badly and have a valid complaint about the way Air Canada has acted. I hope the treatment they receive from the CNR in future is not the same as that which they received from Air Canada. I have raised this matter with the president of the CNR, who has assured me that it intends to expand the facilities at Transcona and that the work force will be maintained there. He confirmed in his letter a charge made by the secretary of the local union in the letter from which I just quoted. So far this situation remains to be dealt with in the future.

The CNR workers at Transcona see work which was traditionally done at Winnipeg being done at Montreal. They see employees with long service in Winnipeg being laid off and, I presume, the work force in Montreal being increased. They, and I agree with them, consider this to be unfair. They believe this government is not interested in western Canada. They believe the government places a low priority on western Canada and its interests, and is more interested in central Canada. We do not want any special concessions for western Canada, but we do believe that as citizens of Canada we are entitled to the same opportunities and considerations from the federal government as other regions of Canada. We do not want to see work which has always been done in Winnipeg moved to another area.

I urge the officials of the CNR to heed the representations, not only of myself but of many people from Winnipeg, to make sure the traditionally important role played by the CNR in Winnipeg will continue.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the fact that the debate on this bill is lasting since several days indicates that the alarm has sounded throughout the country insofar as the decisions of Canadian railway companies are concerned.

It would be extremely unfortunate if once more the points raised by the various opposition parties, and even by some government supporters, were not taken into consideration.

The hon. member for Trois-Rivières (Mr. Mongrain) joined us a moment ago to object to the decisions which both the CNR and the CPR are about to take.

For instance, if Air Canada cease their operations at Trois-Rivières, this will be a form of injustice and it will contribute to lowering the level of comfort and quality of services in Canada.

It is quite abnormal that we have to discuss the possibility of abolishing such important and essential services as those of the Canadian National Railways or of Air Canada. Efforts should be made instead to find out why these companies are operating at a deficit.

Mr. Speaker, I think I have found the answer. In my opinion, they operate in the red because their service is awful. How is it

possible to run a railway profitably if passengers cannot use it? It is impossible because train schedules are simply inadequate.

Mr. Speaker, I will quote as an example the service between Quebec and Ottawa. I travel by car between these two cities simply because I can make the trip in four hours whereas it would take seven or eight hours by train. However I would prefer the latter means of transportation as it is more restful.

People will not take the train if the service is not adequate. Yet, television, newspapers and radio pour out endless advertising praising the CNR's red, white or blue rates, but what is the use of these reduced rates if there are no trains?

This is one of the reasons why we are studying this request to provide funds for the CNR, the only result of which will be to increase the contribution of the taxpayers in order to line the pockets of the shareholders.

It is almost ridiculous that the two railway companies should announce that they will abandon uneconomic passenger services. One should think that if it is a question of making an essential service profitable the best thing would be to get the taxpayers to use it.

The bus service between Montreal and Quebec City runs every hour. Buses from Montréal are packed especially when some demonstrations draw 10,000 or 15,000 people to Quebec's capital. Buses are widely used. Even when they are packed, nobody complains.

Bus companies do not ask us to make up their deficits. They do not request each year a grant of $15 or $20 million. Why? Because they can adjust to the market and convince people to travel by bus.

What can we say, however, when there is only one train running from one community to another, and that same train leaves the station at an ungodly hour. If there were, for instance, three trains leaving Quebec for Ottawa each day and you can be sure that they would be packed. The companies would succeed thus in making up for some deficits. Indeed, one can read at page 8 of the report established by the CNR's auditors for the fiscal year ending on December 31, 1968, and I quote:

> Freight revenue increased during the year by 4.5 per cent, but passenger revenue declined by 15.8 per cent—

This quotation ends like this:

> —from the 1967 record level.

[Mr. Matte.]

It is extremely important to note this. During 1967, the year of the Centennial and of Expo, 54 million people came to Montreal. It was a record year. At that time, trains were more packed than usual. If you take this as a basis to say that there was a decrease of 15.8 per cent, this is altering the facts. If the CNR and the CPR rely on this to argue that the service shows a deficit in 1968 these statements are inaccurate. It was exceptional that in 1967 so many people flocked to Montreal and, obviously, a decrease was to be expected in 1968.

Starting from this fact, therefore, we may contend that if it has been possible to give an adequate service to passengers during 1967, this means that if the companies were less concerned with profit-earning capacity and more with the quality of service, they could convince more people to travel by train. I suggest, these are very important points, and I should like to take this opportunity to point out a few things that are of particular interest to me, since I am unable to visit my whole riding by car, I have to take the train when I want to get to the northern part, because it is the only possible means of transportation.

Now, the Quebec-Abitibi line is to be abandoned.

I wish to point out that when the only means of transportation available in a region is the train, it should not be abandonned. This proves once more that no serious study had been done when it was considered to discontinue this service. This is then a joint offensive by the CNR and the CPR to force our hand. In effect, it has been said that if the passenger service were abolished, the citizens will make a fuss about it of course and, consequently, the government is simply going to pay and this what the companies are waiting for.

This is how the management of these companies think and we want to condemn them here. It is absolutely necessary to make these officials think straight. We are blamed constantly for suggesting a solution but if it were applied, we would not be faced with such a problem.

• (9:30 p.m.)

The companies' deficits are mainly the result of loans and the exorbitant interest charges paid on these loans. The question of deficits would not even exist if this loan problem were settled at the source when essential public services are involved.

The companies' financial statements show the huge amount paid in interests. If the actual causes of the annual deficits were dealt with, the problem would soon be settled.

The House is being asked to vote these subsidies, otherwise the services will be cancelled. This type of bluff is unworthy of companies such as the CNR and the CPR and that is why I admire all hon. members who spoke in an effort to underline this situation.

On television and radio, special rates are advertised, red, white or blue, but why not a special "green" rate for loans in order to help amortize more efficiently the loans these companies are obliged to raise?

Mr. Speaker, those are the reasons why we must rise against this way of doing things.

Here again, I refer to paragraph 4 of the auditors' report, page 8, and I quote:

> Interest on funded debt increased by $5.3 million over 1967 to $70.4 in 1968. The effective rate of interest on debt outstanding at December 31, 1968 was 5.18 per cent compared with 4.73 per cent in the previous year.

These continuous increases in interest are the cause of all the difficulties. It is not pleasant for the House to be called upon, every year, to discuss again this famous problem of credits especially when we know that there is a lack of co-operation and perhaps bad administration.

As pointed out yesterday by my colleague the hon. member for Portneuf (Mr. Godin), let us stop being satisfied to vote and agree to what has been decided in high places. Instead, let us assume our responsibilities as we were committed to do by our constituents, and let us try to improve the services for all the citizens of our country.

Mr. Speaker, not only should we not discontinue the passenger train service, or Air Canada service in Trois-Rivières, but we should increase them and make them so efficient that people will use them, thus solving all problems.

We complain about the numerous accidents happening every day on our highways. As a matter of fact, everybody travels by car or by bus.

The most efficient means of transportation we have, in spite of the very few accidents, is the train; but it is precisely the one that is used the least, which is paradoxical. It is our duty to promote the use of that means of transportation, and we will not do it by discontinuing the existing services but by improving them.

[*English*]

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I desire to say only a few words in this debate, but what I shall say comes from the heart. I have been a Member of Parliament in what I call the railway age, a Member of Parliament in what I call the aviation age, but somehow my heart and my inclination go back to earlier times when life seemed a little more leisurely and thoughtful and a little less hectic. In any event, I would like to tell the House, in a few minutes, why I wish to support the motion of the hon. member for Timiskaming (Mr. Peters).

• (9:40 p.m.)

I think it is a valid amendment. I will not repeat the arguments that he used, nor those of other hon. members who have supported it, but rather will present an argument of my own. The hon. member made a very valid point that the financing of Canadian National Railways has become so sophisticated and so out of step with what one would regard as ordinary procedure that we really do have to question it. This point of view has found support in many corners of the House.

I do not understand how we can support a sort of artificial form of bookkeeping, and I think that is what it amounts to. If one looks back at the history of Canada and the way railway financing has built up over the years, I do not think any of us can really say it has any sense or relationship to reality. It is a bookkeeping measure, something that Mr. Laurier, Mr. Borden and Mr. Meighen discovered half a century ago to keep things in balance in the fiscal terms that existed at that time. I do not think that approach is good enough today.

When you have something that starts out artificially, if it becomes a sort of set thing which is carried on from year to year after a while you have to look at it in terms of a new generation and ask whether it should exist. Whatever the difficulties in creating a railway system back in those years, whether on the public side or private side, the fact is that we have come to a time of decision. We have to look at the books. We have to say whether practices approved by our forefathers and great-forefathers should be approved in our time.

We are younger men here. We are different men here. We are not imbued with the fights that occurred over whether this or that railway should be developed, over whether this

or that fellow was a buccaneer in the way he promoted his railway. We are not that breed of cat at all. We are an entirely different breed, and to carry fictions into the present generation with regard to the financing of a very major part of our transportation system to me just does not make sense, and I hope it does not make sense to most hon. members around me.

I do not wish to engage in philosophic rhetoric. I want to make one specific point in support of the amendment proposed by the hon. member for Timiskaming. I think that the case has been proven that we should not carry on the practices of the past in using the sort of bookkeeping approach to the affairs of Canadian National Railways.

What concerns me more than anything else is that in Atlantic Canada—and in my part of Atlantic Canada, the Halifax area—the railway has put a large number of people out of work. People with 20 or 25 years experience have suddenly been thrown out of a job. For this reason I think that the sooner we put the affairs of Canadian National on a proper footing, forget what happened in the past, and try not to carry on ancient debts when nobody remembers how they arose, the better off we will be in recognizing what is realism. I believe this, because I do not think anybody in the House can say that if we carried on this bookkeeping exercise for the next 100 years the financial situation would eventually right itself.

To me that is the test. Will it ever work? Why do we engage in fable or myth? I say we cannot afford to do that, because it is just not going to work out. There is no way on earth you can take an amount of money that is passed on from a previous generation and say that eventually it will be paid off, because it will not. Then, why do we carry on with the myth? Why do we perpetuate this way of trying to deal with the railway situation in Canada? To me it is clear that we cannot do it. Then why should we try to do it?

Are we shoving off onto the next generation of MP's something that you and I cannot shoulder ourselves? Surely we are, because past generations of MP's have done the same to us, and previous generations of MP's did it to them, although those previous generations may have thought it would work. But the further we get away from the idea of previous generations, the more we must face the fact that what we are dealing with is a sham and a farce. This is why the point made by the hon. member for Timiskaming is so valid. Now is the time to turn abruptly around, to take stock and say that this situation should no longer prevail.

Mr. Speaker, I was not really concerned with that philosophical argument. I am probably more of a pragmatist than a philosopher, and like the hon. member I am more concerned with people's right to work, whether they have a job, whether they can get up in the morning and go to work or whether they have to sit around home and fuss and fret because they do not have work.

The point I am trying to make is that if we remove this ancient debt structure from the shoulders of Canadian National Railways, maybe they will be able to come before us and give a truer accounting of themselves. They would not be inhibited by some grandiose debt structure which they inherited from God-knows when; they would be able to say, "We can do such and such and so and so." They would be able to think in terms of progress, of improving their service and improving the conditions under which their employees work. What I am saying is, remove the fiction from the present system and give them that opportunity.

• (9:50 p.m.)

I have been very impressed that in the battle for retaining passenger service, Canadian National Railways report four or five times the amount of passengers carried that Canadian Pacific Railway report, and about one-third the loss that Canadian Pacific Railway alleges it has suffered. I think the CNR is inclined in the right direction and I should like to see it unencumbered by this fiction of the past. I make this plea very fervently because I can foresee that in the year 2000 Parliament will have to face the same situation that we face tonight, and I think that is foolish.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I am rather deafened by the prolonged applause. If I were sitting in a certain other seat, the applause might even last until ten o'clock. However, I believe I have little to hope for in that direction. I was very impressed by the speech we just heard from the hon. member for Halifax-East Hants (Mr. McCleave). I, too, should like to add my sweet tenor voice to the chorus of those—

Some hon. Members: Oh, oh.

Mr. Rose: —who are supporting a six-months hoist of Bill C-7. It has been said,

somewhat flippantly, that no politician ever lost votes in western Canada by kicking the hell out of the railroads.

Mr. Frank Howard (Skeena): Would the hon. member permit a question?

Mr. Rose: Certainly.

Mr. Howard (Skeena): With the consent of the hon. gentleman I should like to ask if he really believes the statement he just made.

Mr. Rose: Mr. Speaker, as far as the hon. member for Skeena is concerned, I do not know whether that situation is true or not. While it might not be true of western Canada, judging by what we have heard tonight from representatives of Newfoundland it is certainly true in parts of eastern Canada and Atlantic Canada.

Mr. Speaker, seriously, my riding contains at least three railroads so I believe I can speak with some accuracy about the resentment felt there because of the arrogant intrusion of those lines into the lives of my constituents from time to time. As has been mentioned by other speakers, the services provided by the railroads have been downgraded year after year.

Some hon. Members: Hear, hear.

Some hon. Members: Shame.

Mr. Rose: Only this fall, Mr. Speaker, I had a letter from a lady in my riding who complained very bitterly about the sanitary facilities in a very important railway station, Fort Langley. Apparently, because of a fire the sanitary facilities consisted of two dilapidated outhouses. To the consternation of all concerned, a family of snakes took up residence in the lower regions of the building.

An hon. Member: Mr. Speaker, I have a question—

Mr. Rose: I would be pleased to allow the hon. member a question when I have concluded my remarks. I do not think hon. members should regard this little anecdote humorously. When I reported it to the proper authorities, action was taken immediately.

Mr. McGrath: Would the hon. member permit a question, Mr. Speaker?

Mr. Rose: Hon. members would be surprised to learn that sanitary outhouses do not in fact come under the ample portfolio of the Minister of Transport (Mr. Jamieson). For some reason best known to those in charge, the offtrack facilities lie in the gentle hand of the Minister of Labour (Mr. Mackasey).

Mr. McGrath: What about the Privy Council?

Mr. Rose: I realize that members can make great sport of this, but it was a very serious situation at the time. This anecdote illustrates the degeneracy of service throughout the railroad system and I lay the blame for this entirely on the lack of adequate finances.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

HARBOURS—VANCOUVER—REPORTED LEASING OF PIERS TO PRIVATE OPERATORS

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, on November 18 I endeavoured to obtain some information relative to government policy in turning over a certain deep sea pier service in Vancouver to private enterprise. I was not able to obtain an answer on that day, so I sincerely hope I can get some information this evening.

Only a few months ago the Vancouver newspapers carried headlines to the effect that the National Harbours Board was about to lease the city docks, which happen to be in my constituency of Vancouver East. Since then I have not been able to get any information as to government policy on the change nor, apparently, have the Vancouver newspapers. Just four hours ago I received a phone call from them asking whether I had received an answer to my question of November 18.

In 1936 the National Harbours Board took over the operation of the publicly-owned Vancouver piers from the old Vancouver Harbour Commission. For the first three years they lost money. As a matter of fact, the total deficit from 1936 to 1946 amounted to $4,242,-990.03. Then there was a change for the better, because with the exception of the year 1968 when there was a deficit of $395,286, the years from 1947 to 1968 inclusive showed a surplus of $15,717,638.30.

• (10:00 p.m.)

The newspapers and people of Vancouver are interested in knowing why, a few months

ago, a decision was made to turn over these publicly-owned deep sea piers, which were making a profit, to private enterprise. They were leased out to private enterprise, which seems very strange. Anyone looking back at the history of Vancouver harbour will recall that there was a time when private enterprise was not the least bit interested in the piers and wharves. During the years of small losses, private enterprise again was not the least bit interested in them. But when the picture changed and it became known that over the years the publicly-owned deep sea piers in Vancouver harbour had been consistently and continuously showing a good profit, private enterprise said, "What in the name of blazes is the government doing in the pier and wharf business? Let us have it." It appears that the government has acquiesced in this approach.

I understand that Lapointe Pier, Ballantyne Pier and Centennial Piers 1, 2 and 3 in Vancouver harbour have been leased to private enterprise. I think we are entitled to know why there is a change in policy and why a profit making, publicly-owned operation has been turned over to private enterprise. What is the basis of the leasing? Will the government make a profit from the leasing which will give it a return similar to the profit it has been making since 1947 on the operation of the piers in Vancouver harbour?

I point out that in the past few years the National Harbours Board has given a grant to the city of Vancouver in lieu of taxes. What is the situation so far as Vancouver City Council is concerned? Under this leasing arrangement is it to obtain taxes, or a grant in lieu of taxes? Who will pay it—those who have the leases, or the Harbours Board? When there is need for new equipment and cranes, who will supply them—will it be the Harbours Board or some other agency? If it will be the Harbours Board, on what rental basis? Will the rental provide a commensurate return? Who will pay the city wharfage rates, the Harbours Board at Vancouver or the lessee?

A great many questions could be asked about the subject and I feel that a great deal of information is required. Realizing that the hon. member who speaks on behalf of the minister will not be able to give us a complete answer in the time allotted to him in the late show, I nevertheless wish to know why there has been this change in policy, why this profit-making public enterprise has been handed over to private enterprise. Let us have some idea of the basis of the leases. Undoubtedly he will not have enough time to complete his remarks, but may I ask the hon. member if he will ask the Minister of Transport to file in this House copies of the leases in question so that we may have a clear understanding of their terms and will know, through analysing them, whether through this method of leasing will bring as great a return to the taxpayers of this country as was the case when the piers were operated under public ownership for the benefit of the federal treasury.

[Mr. Winch.]

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in addition to the original question the hon. member has asked about 10 or 15 questions about Vancouver harbour which I am afraid I am not ready to answer. In so many words he asked the minister to make a statement on motions about Vancouver harbour and to say if the government has looked into the matter of leasing in Vancouver harbour. I have in my hand a prepared answer, but it relates to the hon. member's original question.

I shall bring the hon. member's supplementary questions to the attention of the department and try to obtain the information he seeks. May I at this time, however, give the hon. member the information in my possession on the subject of leasing. The National Harbours Board advises that it has no intention at the present time of changing the system of leasing Lapointe, Ballantyne and Centennial Piers 1, 2 and 3 in Vancouver harbour. These piers are operated under a five-year agreement which commenced October, 1968. Before this new system was introduced, the Board had employed a procedure whereby the operation of the Board's deep sea piers was carried out by a stevedoring contractor under Board direction.

For some years past the National Harbours Board has been subject to criticism on the grounds that as a government agency it was engaging in unfair competition with the private sector. After extensive study of pier operating systems, the Board decided that proposals should be invited for the operation of pier facilities in Vancouver. The general purpose of the new scheme was to have the facilities operated by private enterprise and to ensure a healthy competitive environment within the harbour while at the same time removing the possibility of any one operator securing a monopolistic position.

Prospective bidders were advised that it was essential that all vessels entering the port

must be serviced promptly and without delay. To this end the National Harbours Board retains secondary berthing control at all facilities and may require the operator to accept vessels even where such acceptance may be inconvenient to the operator. In addition, the Board retains full berthing control over berths 4, 5, 6 at Centennial Pier.

Changes in transportation technology and the rapid evolution of containerization require the maximum flexibility in harbour operating arrangements. To this end, the five-year agreements are subject to cancellation upon six months' notice without cause at any time after the first year. The principal monetary consideration, secured by way of competitive proposals, is a guaranteed minimum annual payment to be realized from the sum of berthage and wharfage revenues all of which accrue to the Board.

I will bring to the attention of the minister the hon. member's questions with regard to the crane and the facilities at Vancouver harbour. I am sure the minister will be happy to answer the hon. member's questions so that he will understand the situation. I hope everyone at Vancouver harbour will be satisfied.

NATIONAL SECURITY—ACCEPTANCE OF POSSIBLE COMMITTEE RECOMMENDATION FOR ROYAL COMMISSION ON SUBVERSION

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, during the past week some of us in the House of Commons have learned how to mix a good Molotov cocktail, how to poison police horses instantly and how to run a very successful revolution from the word "go". In other words, we were the poor unfortunates who were members of the committee studying the subject of the Company of Young Canadians. On December 2, my colleague the hon. member for Sainte Marie (Mr. Valade) and I raised two questions in the House and this is the reason I am before this vast and awe-inspiring assemblage tonight. As recorded at page 1479 of *Hansard*, the hon. member for Sainte Marie asked:

> Mr. Speaker, so that the conquest of space should not be useless in the future, it is necessary first to put some order on our planet. Therefore, I direct a question to the Prime Minister.
>
> Pursuant to the serious public statements made recently by Mr. Saulnier during press conferences on subversion in Canada, does the Prime Minister intend to follow up Mr. Saulnier's request for a Royal Commission on subversion in Canada?

The Prime Minister replied as follows:

> Mr. Speaker, the government will certainly not take any decision until the parliamentary committee's report on the matter is published.

The hon. member then asked:

> I should like to ask a supplementary question, Mr. Speaker.
>
> Is the Prime Minister aware that the terms of reference of the committee do not include looking into subversive activities in general, but simply into the activities of the Company of Young Canadians. That is why I am asking this question.

• (10:10 p.m.)

Then I followed through very much the same point. I think my hon. friend had asked it all. The following is reported at page 1486:

> I have a question for the Prime Minister. In the light of his earlier reply to the hon. member for St. Mary—

I said "Sainte-Marie," Mr. Speaker, but for some reason it came out "St. Mary"

> —will the government be willing to receive a recommendation from the Broadcasting Committee on Mr. Saulnier's request for a royal commission on subversion?

The Prime Minister replied:

> I suppose the proper thing to do would be to wait for the committee to report, and I always like to do the proper thing.

Well, God bless him! Since the committee will not report before tomorrow morning, I cannot really tell the House what it will regard as the proper thing to do. However, there are a couple of points which in my opinion should be made. First, with regard to the Royal Commission on Security which reported to us earlier this year, while it did report in part, it did not report in full on its deliberations. The point I am making is that we members of the House of Commons have no idea what was omitted from the report of the researches and studies of the Royal Commission on Security. I think, therefore, that our questions in this area are legitimate.

Until we are given the facts, we cannot say the Prime Minister (Mr. Trudeau) is scuffing this off; it would be most unfair if we did. But we must ask him whether the objectives of what I consider to be a legitimate request by Mr. Saulnier are being met. Are we, as Members of Parliament, in a position properly to appreciate the type of subversive activity which is going on in Canada and the steps being taken by the forces of law and order to meet those activities?

Second, if hon. members accept my suggestion that Mr. Saulnier's request is a legitimate

one—I think it is a request for information and not a request which is intended to embarrass anybody, especially the Prime Minister, who, after all, is seized with great responsibilities—could the information be in some way transmitted to us so that we might be better informed when we meet with our constituents who ask us questions about this subject? This was really the purpose of my question to the Prime Minister the other day, and I think it was the purpose of the question asked by the hon. member for Sainte-Marie.

We shall be getting a report from the broadcasting committee in the morning. Since the substance of that report has been spread all over hell's half-acre in the press of Canada, I do not suppose there will be anything new in it; it will disturb nobody in particular; people will say they have heard that song before.

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, the hon. member has put on record the question he asked on December 2. He was asking whether or not the government will receive a recommendation from the broadcasting committee in connection with Mr. Saulnier's request for a royal commission on subversion. The difficulty in dealing with the subject tonight is simply this: the committee on broadcasting is a standing committee of the House of Commons; the subject matter was referred to the committee; it is still before the committee. It is quite improper for the House to discuss this matter until the committee reports.

I would point out that it is not the government which receives the recommendations of committees. This committee is a standing committee of the House of Commons which reports back to the House. When the report is received, the government will consider it and take what action is warranted, one way or another. For me to indicate now in answer to a hypothetical question what the government's action would be under certain circumstances would be a breach of the privileges of Parliament.

It has been clearly established over many, many years that it is no part of the function of the government, when a matter is before a standing committee of the House of Commons, to attempt to influence the action of a committee through positions taken in this House. Indeed, were I to answer the question I am quite sure the charge would be levied by the opposition that there was an attempt to influence the decision of the committee.

[Mr. McCleave.]

In light of that, we have no alternative but to wait until we see the report, which I understand will be presented to the House of Commons tomorrow. When it is presented we will consider the matter and the other factors relevant to the whole subject matter and will then take whatever decisions are warranted by the facts.

PESTICIDES—DDT—PLANS FOR COLLECTION AND DISPOSAL OF SURPLUS

Mr. Randolph Harding (Kootenay West): Mr. Speaker, on November 25 I asked the following question in the House of Commons:

> In view of the recent federal policy statement on the drastic curtailment of the use of DDT in Canada, and in view of the urgent need for an orderly and systematic collection and disposal of DDT now in the possession of many Canadians, I would ask the minister if his department or any government department is preparing plans for the collection and disposal of this surplus DDT now in the possession of Canadians in every part of Canada.

As usual, the federal government has been tardy in announcing its plans in this regard. Already, several provincial governments have announced plans for the collection and disposal of surplus DDT supplies. However much remains to be done, it is urgent that some immediate federal announcements be made in this regard.

As we all know, several weeks ago, the federal government announced restrictions on most uses of DDT. This ban is to come into effect on January 1, 1970. It is obvious that some central and practical plan must be found for the collecting and disposal of DDT, especially those stocks now in the hands of Canadians. It is also urgent that a central and sensible method of either disposing of these stocks or storing them be found. It is urgent that information on the government's plan soon go out to the general public before they start on their own disposal plans and cause a host of local pollution problems. As less than one month remains, it will be necessary for the government to immediately announce their plans to the Canadian people by television, radio and the news media.

Perhaps the following example will show the need for immediate action by the federal authorities. As we know, the province of Ontario has banned the use of DDT. According to the newspapers, the Minister of Energy and Resources in that province has advised the companies with stocks of DDT to move what they cannot sell in Ontario to other branches outside the province. This might be

good for Ontario but it is certainly not good for those provinces which will be on the receiving end of these surplus stocks. It is a clear indication that the federal government should move at once in regard to a Canada-wide plan for the collection and disposal of stocks of DDT.

Instructions to gardeners, homeowners, etc., about the danger of flushing even small amounts down the drain or throwing it out for garbage collection should go out at once. There will be a tendency for people, once they know that DDT has been banned, to comply with the law and get rid of any supplies they may have on hand. Over the years we have had in Canada a very large number of cases where even so-called empty containers were found to be a serious threat to the ecology of our streams and lakes. A number of very serious fish kills took place which were traced directly to DDT containers which had been thrown away but contained very small amounts of the toxic pesticide which eventually got into the streams and did a great deal of damage.

• (10:20 p.m.)

I have read a number of suggested methods for the disposal of old DDT supplies and containers. They run from burying the material in the ground to throwing it down a dry, abandoned mine-shaft. It seems to me that no method of disposal should be decided upon until the authorities are absolutely certain that the method used will not result in the eventual further pollution of our environment. For this reason I am urging that immediate firm and constructive suggestions on this very important matter be made by the department responsible. However, at this time the most urgent need is to set up a safe and sensible method of collecting these supplies and for making certain that they are stored in such a way that they will cause no harm until a proper disposal system has been decided upon.

I understand that the province of British Columbia and the province of Ontario have already made moves in regard to both collection and disposal. I am certain that a number of organizations would be only too pleased to assist in making certain that these supplies of DDT are collected and looked after properly. The various government departments, both provincial and federal, along with help from organizations such as fish and game groups, the wildlife groups, and so on, could soon organize and carry out collection campaigns that would have nothing but beneficial results.

However, while some provinces will move on this immediately, others might delay, and for this reason we need immediate direction from the federal authorities. This must come before the Christmas festivities get too much under way. For that reason, Mr. Speaker, I urge the minister, if his department has not already finalized plans for such a project, to start on it without delay. Far too much damage has already been done to our environment and to our ecology by DDT, without having further damage done by those who are merely getting rid of supplies which they have on hand and which the government will not allow them to use after January 1 next.

I trust that the minister will tonight fully outline the plans to ensure a safe and sane method of both collection and disposal of the large amounts of DDT now in the hands of Canadians. I am certain any program will receive the full co-operation of the Canadian public, because we are all interested in improving the quality of our environment. It is essential that a firm and sound policy by the federal government be announced without delay, not only for the collection and disposal of DDT but for any limited use of this pesticide which may be allowed. Research must continue without delay so that adequate substitutes for DDT will eventually eliminate all its uses in Canada. In addition a number of other toxic pesticides should be looked into by the federal authorities and, in my opinion, should be placed on the banned list with DDT.

[*Translation*]

Mr. Paul Langlois (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I should like first of all to congratulate you on the truly dignified way you conduct the discussion of this assembly and on your patience with the members of the House.

As for the question asked on November 25 by the hon. member for Kootenay West (Mr. Harding) concerning the use of the DDT stocks accumulated in Canada, following the curtailment of the use of pesticides, I will answer, in keeping with the statement made on the 17th of the same month by the Minister of Agriculture (Mr. Olson), that the program that was announced was one of planned reductions in the use of DDT and that some uses are still permitted. We therefore expect a great deal of the stocks thus accumulated to

be used for such purposes. I am further informed that there are not many retail stocks left and these should be soon exhausted.

May I also point out that the federal interdepartmental committee on pesticides which the Minister of Energy, Mines and Resources (Mr. Greene) mentioned in answer to the hon. member on November 21 is right now considering the problem in every possible respect.

[*English*]

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Friday, December 5, 1969

The House met at 11 a.m.

ROUTINE PROCEEDINGS

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

First report of Standing Committee on Broadcasting, Films and Assistance to the Arts—Mr. Reid.

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

ROYAL VISIT

DATES OF VISIT BY HER MAJESTY AND DUKE OF EDINBURGH

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am very pleased to announce to the House that Her Majesty the Queen and His Royal Highness the Duke of Edinburgh have graciously agreed to visit Canada in 1970 for the purpose of joining in the centennial celebrations of the province of Manitoba and the Northwest Territories. Her Majesty and the Duke of Edinburgh plan to spend ten days in Canada, arriving in Frobisher Bay on Baffin Island on the afternoon of July 5 and departing from Winnipeg on the evening of July 15.

I am sure that all Canadians join with me in welcoming this news and extending to Her Majesty our sincere good wishes for a pleasant and enjoyable visit.

[*Translation*]

TRADE

COPPER AND NICKEL EXPORT CONTROL—STEPS TO ASSURE SUPPLY FOR CANADIAN USE

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The strikes in the copper and nickel industry that have recently been settled have caused, as this House knows, disruption in the supply and trade patterns of these metals, not only in Canada, but in the world. During the period of the strikes the government did not interfere with the usual trading patterns for these metals in view of the undesirable implications for industrial and trade relations.

The strikes are now over but the House will appreciate that it takes some time for the producers to reach normal production levels. The government wishes to ensure that as soon as reasonably possible, taking into account the dislocation to be overcome, the legitimate needs of Canadian users of these metals be met in full.

Accordingly, under the authority of the Export and Import Permits Act, Canadian copper and nickel producers will be required to supply all the legitimate needs of the Canadian consuming industry by January 1, 1970.

[*English*]

In the case of copper which is now under export control, this reflects the policy indicated in my statement to the House on April 1, 1969.

In order to ensure an adequate supply and distribution of nickel to the Canadian consuming industry and to prevent the drain of such supply to higher priced foreign markets, the government has amended the export control list to include nickel in all forms to all destinations.

As hon. members are aware, about 95 per cent of Canadian production of nickel is exported and it is important that our export customers be dealt with equitably in this period of readjustment. Therefore, in addition to the question of supply of metal to Canadian users, this action will have the effect of ensuring that the normal channels of trade are utilized fully to supply traditional export consumers of nickel and of avoiding diversion to higher priced markets outside Canada. Canadian nickel producers are working to re-establish the usual supply pattern to their export markets as soon as possible.

• (11:10 a.m.)

In addition the government has placed an embargo on the export of nickel scrap, except under permit to a primary producer. Export permits for other forms of nickel will only be

issued to nickel producing companies or to companies who produce the product described in the permit.

These controls will take effect immediately on all forms of nickel, except scrap. In the case of nickel scrap, in order to allow for any necessary and reasonable adjustment in the market place, the embargo will not become effective until two weeks from this date.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I will adhere to your admonition and be quite brief and reasonably non-partisan in my reply. The minister, with his usual courtesy, sent us a copy of his statement. Unfortunately it only fell into my hands a very few minutes ago and I did not have a chance to read the statement of the minister on April 1, 1969, which no doubt would have made things much more clear to me than they are now.

I understand very well the purpose in making such provision as is essential for the normal requirements of Canadian consumers of these resources, and to the extent that the minister's statement indicates this we have no objection. I do think, however, that it might well have been possible, despite what the minister said at the beginning of his statement, to indicate at some earlier stage what the intentions were so that there would be less of a problem in the normal flows of trade in these products.

I also point out that Canada as a trading nation must be very careful, particularly in the very unfortunate situation we are in now with some of our primary resources which are the subject of considerable trade export from Canada, that we not do anything to dislocate the normal flow and antagonize people in those countries with which we have such a strong flow of trade. I am sure the minister needs no caution; he has had enough from this side of the House in the last year or two. With that caveat I leave this issue.

Mr. Max Saltsman (Waterloo): Mr. Speaker, the minister's statement today is a clear indication of the government's power to act when it chooses to take a stand. I for one am happy to see that the government is moving in this direction because for years we in Canada have been faced with a situation that as the major producer of nickel in the world we have been unable to supply the needs of our own Canadian secondary manufacturing industry. This action will go some way to meet that problem. The effect of this move will be to stimulate Canadian secondary manufacturing industry. I hope the minister will liberally interpret its legitimate needs because the possibility now exists that Canadian secondary manufacturers will wish to enlarge their production, and their use of nickel. I hope the government will take this into account.

But, Mr. Speaker, the minister has to take a second step. For a long time we on this side advocated the first step he has taken. It has been a long time coming and we are now glad to see it happen. But the minister has to go beyond this and establish a two-price system for nickel in Canada, one price for exports related to world markets and another price for Canadian manufacturers based on the cost of production in Canada, because at present the cost of nickel does not depend on the cost of its production but responds to costs around the world. It is an intolerable situation for a country like our own that we have to be tied to the international speculative price of nickel. There should be a fair price for our manufacturers that will give them a chance to develop and enlarge their operations.

I hope that within a short period of time the minister will be able to stand up in the House and say we are moving away from the traditional government position of subsidizing and encouraging raw material exports to a position of encouraging secondary manufacturing in Canada.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): I hastily took note of the minister's statement which makes us realize that we are now at a rather difficult stage of in the evolution of the labour movement. This should give cause for reflection to the true advocates of collective bargaining. The many conflicts which develop into strikes of all kinds are not indeed an indication of mutual understanding.

The government is compelled today to take a positive stand so as to avoid difficulties in business. Of course it has our support, under the circumstances, but I take this occasion to state that those in favour of strikes today will find reasons to go on strike tomorrow.

A perpetual renewal leads us to deadlocks and contributes to maintain, to the detriment of interested parties, a climate of collective misunderstanding, unwanted by the majority.

Exceptional conditions now prevail due to a strike we have heard about, but a clear stand should be taken and the labour legislation should be amended so as to meet the needs of our society.

[*English*]

BUSINESS OF THE HOUSE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, while we are still on motions I wonder if I might raise a point regarding the order of business for today. I notice that the Government House Leader is not in his seat, but the Minister without Portfolio from Saskatoon-Humboldt might take note of my suggestion.

I believe that later today we are to deal with the second reading of Bill C-157, having to do with provisional payments in respect of unthreshed grain in the Prairie provinces. The members of our party who will be taking part in this debate would be quite happy if the bill, instead of being sent to the standing committee, was sent directly to the committee of the whole in the hope that it might be put through most, if not all, stages today. I make this suggestion now while we are on motions in case any negotiations are necessary to make that change in the motion as it appears in the Orders of the Day.

FARMERS' CREDITORS ARRANGEMENT ACT

EXTENSION OF APPLICATION UP TO 1969

Mr. G. W. Baldwin (Peace River) moved for leave to introduce Bill C-167, to amend the Farmers' Creditors Arrangement Act.

Some hon. Members: Explain.

Mr. Baldwin: Mr. Speaker, the Farmers' Creditors Arrangement Act was passed in 1934 by the then Conservative government to assist farmers who had suffered economic loss over a period of years. The government utilized federal jurisdiction to reduce debts to manageable proportions, reduce interest and arrange for orderly payment over an extended period of time.

The act remains on the statute books although it only applies to debts incurred prior to 1945. Because of severe financial hardship at the present time as the result of weather conditions, combined with the inability to market farm commodities—this situation is particularly applicable in northern Alberta and northern Saskatchewan and in certain areas has persisted over several years—many efficient farmers have been unable to meet their obligations as they fall due. There is a significant increase in foreclosure actions, seizures of equipment and similar debt actions. The purpose of this bill is to extend the act to cover debts incurred up until 1969 and thus provide relief and retain good and effective farmers on the land.

The bill further provides that the act will be brought into effect only in such areas as the Governor in Council may designate.

Motion agreed to, bill read the first time and ordered to be printed.

• (11:20 a.m.)

ORAL QUESTION PERIOD

COMPANY OF YOUNG CANADIANS

COMMITTEE RECOMMENDATION FOR TRUSTEESHIP—INQUIRY AS TO LEGISLATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, may I direct a question to the Prime Minister. In view of the importance of the report tabled today and the uncertainty created by its main recommendation, which I might say was the poorest kept secret in town, to place the CYC in trusteeship, will the Prime Minister advise the House if the government intends to introduce relevant legislation before the Christmas recess?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot say what action we will take on this report since it was just handed to me a few moments ago, as it was to other hon. members. I feel that the government will want to study it and the Secretary of State will advise the government as to what action he deems advisable.

[*Later:*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is supplementary to the one asked by the hon. member for Annapolis Valley. In view of the solution recommended by the committee with respect to the problems of the YPC—

Some hon. Members: Oh, oh!

Mr. Dinsdale: I beg your pardon. I meant to say "CYC". That was a Freudian slip, Mr. Speaker, which I think will relate to the rest of my supplementary question to the right hon. gentleman. In view of the fact that if a trusteeship is imposed on the CYC it will cause final disruption, will the government move with uncustomary dispatch to ensure that some of the more positive programs of the CYC, such as the Kellerman project in Toronto, will continue?

[*Translation*]

ESTABLISHMENT OF ROYAL COMMISSION ON SUBVERSION

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to ask the Prime Minister if he intends to recommend the establishment of a Royal Commission to inquire into subversive activities in Canada, since this matter was not included in the terms of reference of the committee and since the committee report recommends that a decision be taken to that effect?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only answer the same thing, since I have just received a copy of the report. I have read it up to page 3, and I do not want to improvise an answer until I have read it all.

Mr. Valade: Mr. Speaker, I have a supplementary question.

Could the Prime Minister read the last paragraph of the said report which deals with the Royal Commission?

Mr. Trudeau: I would be glad to, with the permission of the hon. member.

[*English*]

EXTERNAL AFFAIRS

VIET NAM ATROCITIES—SUGGESTED INQUIRY BY ICC OR UN MISSION

Mr. David Lewis (York South): Mr. Speaker, may I direct a question to the Prime Minister. No doubt he will recall that on November 25 and again on November 27 I asked him questions arising out of the revelation of atrocities in the war in Viet Nam. He was to discuss the matter with the department. May I place the matter before him again. Has the government instructed our representative on the International Control Commission to look into the matter and, more particularly and importantly, instructed our permanent representative at the United Nations to seek action by the Secretary General of that body to inquire into the atrocities which have so shocked the conscience of the world?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I made the inquiry and I have received a preliminary report regarding that aspect of the question concerning the ICC. I understand there is some difficulty, in view of the terms of reference of the ICC, in proceeding with the investigation the hon. member mentioned. With the permission of the House I prefer to defer this matter to the minister himself. I am advised by the Department of External Affairs that the minister is returning from Brussels this weekend and intends next week to make a statement on this matter.

Mr. Lewis: A supplementary question, Mr. Speaker. I did not repeat my question earlier this week in the hope the minister might be here. While the minister is looking into this matter will he also look into the proposals made by certain Canadian professors of international law regarding steps the Secretary General of the United Nations ought to take to make sure the inquiry by the United States into the alleged atrocities is a proper one and that the result is one that meets the requirements of law, decency and human behaviour, if such is possible in a war of this sort? Also, will our permanent representative at the United Nations be instructed to follow up this matter?

Mr. Trudeau: Mr. Speaker, I will gladly draw the attention of the minister to this statement concerning professors of law. I think law professors are very important people.

Mr. Baldwin: If they stick to the law.

Some hon. Members: Oh, oh!

Mr. Lewis: A supplementary question, Mr. Speaker. In view of the overwhelming importance of the teaching of law, the right hon. gentleman might reconsider the contribution he is making to Canada today.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

[*Translation*]

TAXATION

REQUEST FOR ADDITIONAL COPIES OF WHITE PAPER ON REFORM

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, in the absence of the Minister of Finance, I want to ask the Prime Minister whether the government intends to make available to hon. members more copies of the white paper on proposals for tax reform in order to meet the numerous requests they receive for them.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think that I can answer on behalf of the Minister of Finance that it is possible to have copies sent to people who ask hon. members for them.

[*English*]

THE CANADIAN ECONOMY

INFLATION—EXPECTED HIGHER PRICES IN 1970—INQUIRY AS TO ACTION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I had intended to direct my question to the Minister of Finance but he is not here. We understand and sympathize with his frequent absences. I will direct my question to the Acting Minister. In view of the report by the Purchasing Management Association of Canada which reveals that 60 per cent of surveyed businesses expect higher prices in 1970, can the minister say whether anything more will be done to stop such an eventuality other than merely referring the problem to the Prices and Incomes Commission?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think the hon. gentleman will agree that before the best solution can be found an adequate study of the problem should be made. This is precisely what the Prices and Incomes Commission is doing.

TRANSPORT

INCREASE IN POTASH FREIGHT RATE—FEDERAL GOVERNMENT REPRESENTATION AT MEETINGS WITH RAILWAYS

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is directed to the Minister of Transport. Has the government had a representative at the continuing meeting between the Saskatchewan government and the Canadian National and Canadian Pacific Railways over the proposed increase of 6 per cent of potash freight rates to the west coast?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker, we have not, but I have had some advice from those taking part in the negotiations, including representatives of the government of Saskatchewan who indicated to me that they are satisfied with the degree of progress that is taking place and they are hopeful of a solution.

RAILWAY ORDER RESPECTING FROST DAMAGE TO FLOWERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is also directed to the Minister of Transport. It is in connection with a recent declaration on the part of one or both of the railway companies that after a certain date purchasing florists will be responsible for any losses incurred in the transmission or shipment of flowers. In view of the dangerous effect this would have on the florist industry and the representations which were made, is the minister in a position to advise that this order will not be proceeded with?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, as I advised the House a few days ago, arrangements were made to have representatives of the florist industry meet with representatives of the railways. These meetings have taken place. I have not had a formal report but I understand that a good deal of progress was made. In fact, there was a suggestion by the railway representatives that if the florists could arrange a different or better form of packaging and also make some compromise with regard to pick-up and delivery, they could work out a solution which would be satisfactory to both parties. I think they are now polling their membership to see if these suggestions are feasible. It is hoped that there will be a final solution, perhaps by December 11.

Mr. Diefenbaker: I thank the minister. He always gives full answers to questions that are asked. He is very frank.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Does the minister believe that the railway companies are showing a disposition not to enforce what is obviously—

Mr. Speaker: Order, please.

MANPOWER

REQUEST FOR ADDITIONAL COPIES OF WHITE PAPER ON REFORM

Mr. David Orlikow (Winnipeg North): My question is directed to the Minister of Manpower and Immigration. Is the minister studying charges that millions of dollars have been wasted on adult retraining and educational programs sponsored by his department, as appears in a report prepared for the Association of Colleges of Applied Arts and Technology of Ontario?

Mr. Speaker: The question could be placed on the order paper.

Inquiries of the Ministry

[*Translation*]

TRADE

INCREASE IN TARIFF ON TEXTILE IMPORTS FROM MEXICO

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the Prime Minister.

Would he tell the House whether the government has in fact increased by about 50 per cent the duties on textile products imported from Mexico?

Right Hon. P. E. Trudeau (Prime Minister): I am not aware of that, Mr. Speaker, but I see that the Minister of Industry, Trade and Commerce is ready with an answer.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, such an increase in duties was made on cotton imports from Mexico for the simple reason that Mexico refused to limit its exports voluntarily as are doing countries with low production costs that have signed similar agreements with Canada. We therefore had no alternative but to raise the import duties.

Mr. Latulippe: A supplementary question, Mr. Speaker.

Would the minister tell the House whether, in that connection, Canada might not have violated the agreement concluded in 1946 with Mexico?

Mr. Speaker: I suggest to the hon. member that the question as formulated is unacceptable. The hon. member is asking the minister to express an opinion on the interpretation of an international agreement. For this reason, the question is unacceptable.

[*English*]

UNITED NATIONS

PALESTINIAN RELIEF PROGRAM—PLANS TO ENSURE CONTINUANCE

Mr. R. Gordon L. Fairweather (Fundy-Royal): I have a question for the Prime Minister of which I have given him notice. What are the government's plans for ensuring that the United Nations Palestinian relief program does not lapse because of lack of adequate funds from sponsoring governments?

Right Hon. P. E. Trudeau (Prime Minister): I thank the hon. member for having given me notice but I did not have time to get the answer from the department. I understand, however, that the Secretary of State for External Affairs will have an answer to this question on his return. He has been in Brussels, as the House knows, for the NATO meetings and he will be here next week.

[*Translation*]

EXTERNAL AFFAIRS

DIPLOMATIC RELATIONS WITH FRANCE

Hon. Martial Asselin (Charlevoix): Mr. Speaker, the Secretary of State for External Affairs being absent, my question is for the Prime Minister. I understand that the Canadian and French Ministers for External Affairs met yesterday and that they passed the sponge over the diplomatic difficulties. Would the Prime Minister tell us something about the atmosphere in which that meeting took place and give us some more information about this matter?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I am myself waiting for news about that sponge.

Mr. Asselin: Mr. Speaker, I have a supplementary question. Does the Prime Minister of Canada intend to meet soon with the French President to consolidate our diplomatic ties with that country, if what we learned yesterday is true?

Mr. Speaker: The hon. member will agree that his supplementary question is hypothetical.

[*English*]

PUBLIC SERVICE

DELAY IN ISSUING RETROACTIVE PAY CHEQUES

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I do not see the Minister of Supply and Services in his place, but since he is on the roster for today I assume an acting minister is prepared to answer for him. Has the objective of dealing with all retroactive pay cheques by the end of November been met, as the minister expressed the hope of doing in a reply to my hon. friend from Winnipeg North Centre on October 29?

Hon. Donald C. Jamieson (Minister of Transport): I will take the question as notice on behalf of my colleague. I understand that considerable progress has been made, but I have no specific information. I hope the question can be answered on Monday.

Mr. Stanley Knowles (Winnipeg North Centre): Since it seems that despite whatever progress has been made there is still an unholy mess, can one of the ministers tell us when it will be cleaned up?

OIL

CANADIAN ACCESS TO U.S. MARKET—GENERAL ENERGY POLICY

Mr. P. M. Mahoney (Calgary South): I have a question for the Minister of Energy, Mines and Resources. Following yesterday's meeting with the United States Secretary of State for the Interior, can the hon. gentleman advise the House whether freer access for Canadian oil into the United States market has now been arranged?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): No specific agreement arose from our meeting yesterday, which was an informal one, but I am encouraged to think that as a result of that meeting I was able to note that the Secretary of State for the Interior clearly understands the Canadian position and the entire nature of the matter. I am hopeful the Canadian view that there should be an open market for Canadian oil in the United States will be given very serious consideration by the Schultz Committee and by the United States cabinet.

Mr. Steven E. Paproski (Edmonton Centre): Having regard to proposals that there should be a common market not only in oil but in energy resources generally, would the minister tell us whether other aspects of energy policy were discussed at this meeting?

Mr. Greene: The entire ambit of energy policy to the mutual interest of both the United States and Canada was considered. We are very much interested in the initiative taken by the Secretary of State for the Interior in this regard and we shall be prepared to consider any specific proposals brought forward by the United States cabinet or by the Secretary of the Interior with respect to mutual energy policies. We shall, of course, consider Canadian interests and Canadian reserves for the future.

Mr. G. W. Baldwin (Peace River): I should like to ask the minister a simple question based on his answer that the United States government and the Secretary of the Interior now clearly understand the Canadian position. Are we to infer that in the hon. gentleman's opinion they did not understand our position clearly before these discussions took place?

Mr. Speaker: Order, please.

Mr. Paproski: Would the minister kindly make a report on motions as early as possible?

Mr. Greene: I shall be glad to consider that suggestion, but these negotiations are continuing and the Schultz Committee is still sitting. I am inclined to think the Canadian interest and that of Canadian producers will best be served by continuing the discussions as we have been doing.

NATIONAL DEFENCE

U.S. AND BRITISH ACCESS TO CANADIAN CHEMICAL AND BIOLOGICAL WARFARE ESTABLISHMENT

Mr. Barry Mather (Surrey): I had a question for the Minister of National Defence, Mr. Speaker, but in his absence perhaps the acting minister could take it under consideration. Bearing in mind reports that the United States and Great Britain have had access to Canada's gas chambers and germ tunnels, may I ask the minister if this policy is still in effect?

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Perhaps I can reply on behalf of the minister by saying I shall have to take that question as notice. I have no knowledge of the situation at the moment.

POLLUTION

DUMPING OF OIL AND OTHER WASTE IN GREAT LAKES

Mr. W. M. Howe (Wellington-Grey): My question is addressed to the Minister of Transport and arises from concern over continued dumping of oil and other waste from freighters into the Great Lakes in direct contravention of the provisions of the Fisheries Act. What steps has the department taken to increase its surveillance capacity in order that a greater proportion of offenders may be prosecuted promptly?

Mr. Speaker: I would think that a question as wide as this, though important, would normally be answered by means of a statement on motions. The hon. member might wish to rephrase his question in those terms.

Inquiries of the Ministry

Mr. Howe: Perhaps I might simply ask the minister what effort he is making to prevent this dumping of waste and oil which is causing such a pollution problem in the Great Lakes?

Hon. Donald C. Jamieson (Minister of Transport): In view of the fact that I am always pleased to report to the House in detail when we are moving forward, I shall be glad to make a statement on motions on the subject in the near future.

[*Later:*]

Mr. Randolph Harding (Kootenay West): Mr. Speaker, this is really a supplementary to a previous question, and I direct it to the Minister of Energy, Mines and Resources. Having regard to the fact that the United States government recommended two days ago to the Canada-United States International Joint Commission that a moratorium with respect to oil drilling in Lake Erie be imposed because of the dangerous pollution possibilities, would the minister indicate whether the Canadian government intends to make a similar representation to the International Joint Commission?

Mr. Speaker: Perhaps this information could be included in the statement the minister will eventually make to the House on motions.

IMMIGRATION

REQUEST FOR STATEMENT ON NUMBER OF IMMIGRANTS

Mr. George Muir (Lisgar): I have a question for the Minister of Manpower and Immigration, Mr. Speaker; it is one to which we have not yet received an answer. In view of the significant decline in immigration over the past year, as reported in the press, allegedly because of lack of encouragement from the government, what action is the department taking to correct this situation?

Mr. Speaker: I suggest this is a question which is very broad in nature and that it should be replied to by way of a statement on motions.

Mr. Muir (Lisgar): Would the minister do the House the courtesy of making a statement on motions in this regard?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): I always try to be courteous to the House, and I shall do what I can to bring the situation to the attention of the hon. gentleman.

[*Translation*]

SOCIAL SECURITY

INQUIRY AS TO INTRODUCTION OF GUARANTEED ANNUAL INCOME

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the Prime Minister.

Could he tell us whether the government has considered the possibility of suppressing all assistance or social security programs in force and replacing them by a guaranteed annual income for all Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think that several ministers have already indicated that the government was studying this question but we have not concluded that it was desirable at the moment.

[*English*]

TRANSPORT

PROPOSED INCREASE IN ST. LAWRENCE SEAWAY TOLLS

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is directed to the Minister of Transport. It concerns the taking of a decision which will affect the whole of the Canadian economy but more particularly western Canada. In view of the grave difficulty in keeping Canadian grain exports competitive on world markets, would the minister exert all his influence against the proposed higher tolls on the St. Lawrence Seaway?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, there is no one-line answer to that question. All I can say is that the whole question of tolls on the seaway is being studied. A mechanism has been established to review the question, I believe at the end of 1970. We are at present determining what our position will be at that time vis-à-vis the United States authorities.

Mr. Southam: A supplementary question, Mr. Speaker. Is the minister aware that the proposed toll increases will bring the total cost of toll charges up to three cents per bushel of wheat?

Mr. Speaker: Order, please.

HOUSE OF COMMONS

STANDING COMMITTEES—RESPONSIBILITY FOR CONVENING ORGANIZATIONAL MEETINGS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration in his capacity of Acting Government House Leader; I assume that that assumption is correct. My question is prompted by Your Honour's ruling last evening on my point of order, and consequently I hope you will allow it. Who is responsible for convening organizational meetings of standing committees of the House under Standing Order 65(2)?

Mr. Speaker: Order, please. Under normal circumstances this kind of question would not be in order, but in view of the fact that the hon. member has had so much difficulty with the Chair in getting this matter before the House, perhaps the minister might like to reply to the question.

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I think I would like to confer privately with my hon. friend.

INDIAN AFFAIRS

LENNOX ISLAND RESERVE—ACCESS TO MAINLAND

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the rapid approach of winter in Prince Edward Island and the serious effect it has on travel on the part of the residents of Lennox Island Indian reservation, would the minister indicate, first, whether there are any short-term plans to guarantee safe transportation for the Indians on the reservation to the mainland and, second, whether consideration is being given to the construction of a solid land link for that community?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I had the opportunity a few months ago to discuss this matter with the premier of Prince Edward Island and we are trying to find a permanent solution to that problem.

[*English*]

Mr. MacDonald (Egmont): A supplementary question. I wonder whether in regard to the first part of my question the minister could give an indication of any short-term solution to deal with the very dangerous situation faced by the members of that Indian community?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have not heard anything about that recently, but I will be happy to look into this matter immediately.

[*English*]

HOUSING

DROP IN NOVEMBER STARTS—PROVISION OF ADDITIONAL FUNDS

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the minister in charge of housing. In view of the sharp drop in housing starts in November of this year, is it the intention of the minister to apply to Treasury Board for additional funds to enable more housing starts to be made, especially for the low income group, so the government can reach its target of 200,000 housing starts this year?

Mr. Speaker: Order. My recollection is that this question is a repetition of one asked yesterday, or at least that it is substantially the same.

Mr. Gilbert: On a point of order, Mr. Speaker, I do not think the question was answered yesterday. The matter is very urgent and I am sure the minister is anxious to reply.

Mr. Speaker: It is not evident that the minister is anxious, but whether he is or not, he might be given an opportunity to answer.

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, in regard to the question asked yesterday my hon. friend has made an incorrect premise, which he occasionally does. The government will reach its target of 200,000 housing starts this year. Furthermore, we have already stated our commitment to achieve one million housing starts in the five year period, 1969-74, with special emphasis being placed on the provision of homes for people of low income. I hope this reply satisfies the hon. member that the question is a repetition of one asked yesterday.

Mr. Gilbert: Mr. Speaker, on a question of privilege, I did not state that the government would not reach its target of 200,000. I was pointing out to the minister that there had been a sharp decline—

Inquiries of the Ministry

Mr. Speaker: Order. This is not a question of privilege but a point for debate.

BUILDING SOCIETIES—REQUEST FOR FAVOURABLE TAX TREATMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a supplementary question to the minister in charge of housing. In view of the fact that deliberations have taken place and representations have been made concerning the establishment of building societies, which of course would assist in achieving the goal of one million housing starts, would the minister advise the House when he will be prepared to make a statement on the government's attitude to these representations?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, I think my colleague the Minister of Finance indicated that this matter was being reviewed as a result of a meeting between the Minister of Finance, myself, the Minister of Trade and Development and the Treasurer of the province of Ontario, and this option is being looked at now.

GRAIN

OPERATION OF TERMINAL ELEVATOR NO. 2, VANCOUVER

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I direct a question to the Minister without Portfolio from Saskatoon-Humboldt. My question relates to one I asked him earlier in the week. Can the minister now advise what decision, if any, has been taken in regard to the use of National Harbours Board terminal No. 2, whether or not it will be prepared for us and will be used to full capacity in the near future?

Hon. Otto E. Lang (Minister without Portfolio): At this point, Mr. Speaker, I have nothing to add to the replies that were given the other day.

[*Translation*]

AGRICULTURE

DAIRYING—INQUIRY AS TO REDUCED GRANTS

Mr. Bernard Dumont (Frontenac): According to the roster, the Minister of Agriculture was to be in the House yesterday, but he was not. I therefore postponed my question until today in the hope that he would be present. However, as neither the minister nor his assistant are here today and my question is an urgent one, I will have to direct it to the Prime Minister.

Can he inform the House whether, in view of the general outcry in Canada against the decision to curtail the subsidies granted to the dairy industry by $10 million a year, the government intends to go back on that decision?

Mr. Speaker: I would remind the hon. member that this question was raised just a few days ago.

[*English*]

HEALTH AND WELFARE

CONFIDENTIAL FILES ON COMMUNICABLE DISEASES

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, yesterday a question was asked about communicable diseases and statistics published by the Dominion Bureau of Statistics. The answer is as follows: In February, 1969, an allegation was made concerning the inadequacy of security arrangements for the handling and processing of statistical returns relating to illness including communicable diseases. This was investigated and determined to be unfounded. I am assured that the arrangements with respect to maintaining the confidentiality of information in these records is completely satisfactory.

In so far as communicable diseases are concerned, DBS does not receive statistical returns which disclose the identity of individuals. The information is submitted to the bureau in the form of tables prepared by the provinces.

ROYAL VISIT

INQUIRY AS TO INCLUSION OF OTTAWA IN ITINERARY

Mr. R. E. McKinley (Huron): Mr. Speaker, I have a question for the Prime Minister. I am sure we are all happy to learn that Her Majesty the Queen will be favouring Canada with a visit next year. I wonder whether the House could be advised if she has been invited to visit Ottawa, whether or not she has accepted and, if so, the date of her visit so that this date can be kept open by all hon. members?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the details of the visit will be made public later in the form of a press release. I do not have all the details in mind, but I do know that there is no question of her coming to Ottawa.

THE CANADIAN ECONOMY

ACQUISITION OF CANADIAN COACHWAYS BY GREYHOUND LINES

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of Transport and relates to a question I asked him on November 26. Now that it is known that representations have been made in connection with the proposal of Greyhound Lines to take over Canadian Coachways, can the hon. gentleman inform the House whether the Canadian Transport Commission will be calling public hearings to ensure that the interest of the Canadian public is protected?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, as I indicated to the House when the hon. gentleman first asked the question, the National Transportation Act provides that if any of the parties concerned call a matter such as this to the attention of the Canadian Transport Commission, the commission has authority to look into it. I would assume—and I have no personal knowledge of this—that if there is the interest to which my hon. friend is referring someone will call attention to this matter or file a notice with the CTC and then they will go through their regular procedures. I regret I am not fully aware at the moment what those procedures are.

INDUSTRY

AUTOMOBILE PACT DISCUSSIONS—CONSULTATION WITH UNION

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Did the minister receive a letter recently from the Canadian director of the UAW complaining of the fact that discussions with regard to the Canada-U.S. automotive agreement had been going on without the UAW being consulted?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker—

Mr. Speaker: Order, please. I have to bring to the attention of the hon. member that the question as asked is not in order.

Mr. Broadbent: Perhaps I might rephrase it by adding the remainder. If so, what reply, if any, did the minister make to this letter?

Mr. Speaker: I am not quite convinced the question is in order even with the supplementary, but the minister seems to be very anxious to reply to this important question and perhaps should be allowed to do so.

Mr. Pepin: As always, Mr. Speaker. The answer is that communications have been going on between my department and the union involved. A meeting is being arranged now and will take place about the same time I meet with the presidents of the automobile companies.

HOUSE OF COMMONS

EMPLOYEES' HOLIDAY AND OVERTIME PAY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, because the minister is aware of the interest of all of us, particularly his seatmate, this question is directed to the President of the Treasury Board. Will he direct the Internal Economy Commission to reconsider a decision made last spring not to pay House of Commons employees their outstanding holiday pay for 1967 and overtime built up during 1968? I ask this question because of the festive season and the smile which is appearing on the usually tough countenance of the President of the Treasury Board.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, that countenance, I hope, is not normally tough, but the smile was inspired by the notion that I have the power to direct the commissioners. I will respectfully bring this problem to their attention.

HEALTH AND WELFARE

ALLEGED ABUSE IN USE OF PATENT MEDICINE, "NYQUIL"

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In his absence, however, perhaps I may be allowed to direct it to his Parliamentary Secretary. In light of the reported abuse in the use of a new patented cough medicine named Nyquil, is the minister initiating an investigation of this matter and will he report to the House concerning what steps his department proposes to take concerning this apparently addictive preparation?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): I can report at the present time that the Ontario Registrar of Pharmacists has advised all Ontario pharmacists to exercise discretion in displaying and selling Nyquil.

Inquiries of the Ministry

EXTERNAL AFFAIRS

SHIPMENT OF ARMS BY BRITAIN TO NIGERIA

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, in view of the fact that early next week over 100 British Members of Parliament of all parties will be attempting in the British House of Commons to stop that country's shipment of arms to Nigeria, will the Prime Minister make further representations to the British government indicating our protest concerning the shipment of arms to Nigeria by that country?

Mr. Speaker: The hon. member for Peace River.

ADMINISTRATION OF JUSTICE

JUDGMENT IN CASE OF HUNTING INFRACTION BY ESKIMO

Mr. G. W. Baldwin (Peace River): Mr. Speaker, about two weeks ago I asked the Minister of Justice a question in connection with the case of an Eskimo called Tootulik who was found guilty of a hunting infraction despite the fact that the site of the crime was some three miles beyond the three-mile limit. I asked the minister if he would have his officials investigate to see whether instructions were given to prosecute despite that fact. Is the Acting Minister now able to make a reply to that question today?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will take notice of the question.

Mr. Baldwin: I have a supplementary question which the minister might also take as notice. Does the Crown intend to apply to have the conviction quashed in view of the fact that the infraction took place six or seven miles beyond the shoreline or does the government intend to accept the Arctic sovereignty position of Mr. Justice Morrow which obviously is in conflict with that of the government?

TRADE

COPPER AND NICKEL—CLARIFICATION OF MINISTER'S STATEMENT ON MOTIONS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the Minister of Industry, Trade and Commerce to give some clarification of his statement on motions, particularly the sentence which states that Canadian copper and nickel producers will be required to supply all the legitimate needs of the Canadian consuming industry by January 1, 1970. Does this mean the minister anticipates that all the backlogs can be dealt with by January 1, 1970, which is only three weeks away, or is there some mistake in the translation inasmuch as the minister made the first part of his statement in French and the statement sent to me by his office is in English?

[Mr. Haidasz.]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The announcement made this morning will become fully operative by January 1, but it is understood that in the meantime if some emergency develops on the side of the consumers producers will see to it that it is corrected.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the minister if he can assure the House that this move to ensure that Canadian producers will be able to get adequate supplies will be policed more adequately than has been the case in respect of copper inasmuch as Phillips Cables Limited of Brockville had to lay off staff because they could not get copper during the last year?

Mr. Pepin: It would be dangerous if—

Mr. Speaker: Order, please. The hon. member for Waterloo.

Mr. Pepin: Mr. Speaker, on a point of order—

Mr. Speaker: Order, please. The minister is rising on a point of order.

Mr. Pepin: I think it would be wrong to leave the impression that the Phillips Company was badly treated in normal times. Of course a very special situation existed during the strike. We are now in the post-strike period. There were special reasons for the Phillips Company as a regular buyer from INCO, to be placed in a difficult position during the strike and I have explained those in the House on a previous occasion.

Mr. Speaker: Order, please. I have to bring to the attention of the hon. member and the minister that they appear to be debating the issue rather than asking questions and giving answers. Perhaps the hon. member for Waterloo might have an opportunity to ask his question.

Mr. Douglas (Nanaimo-Cowichan-The Islands): On a point of order, Mr. Speaker, the minister proceeded to argue in respect of a question I had asked—

Mr. Speaker: Order, please. The hon. member asked an argumentative question and I ruled him out of order, indicating that the minister could not reply. Then the minister rose on a point of order. If ministers reply every time the Speaker rules a question out of order and hon. members ask further supplementaries by raising points of order the result would be disorder.

Some hon. Members: Hear, hear.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, on the point of order, it seems to me perfectly proper to point out that the Phillips Company was unable to get copper from Noranda at the same time Noranda was exporting copper.

Mr. Speaker: If the hon. member can indicate to me on what Standing Order he bases the point of order he has just made I will agree with him that he had a point of order. The hon. member for Fundy-Royal.

Mr. Saltsman: A point of order, Mr. Speaker—

Mr. Speaker: It will have to be a new point of order because I have ruled there was no point of order on the matter raised by the minister or by the hon. member for Nanaimo-Cowichan-The Islands. There are about 90 seconds left.

Mr. Max Saltsman (Waterloo): This is a new point of order, Mr. Speaker. I believe you had recognized me on a supplementary question.

Mr. Speaker: The hon. member was lost in the shuffle. The Chair now recognizes the hon. member for Fundy-Royal.

EXTERNAL AFFAIRS

HOLDING OF ISRAELI CITIZENS IN DAMASCUS —REPRESENTATIONS FROM UNIVERSITY OF MANITOBA STUDENTS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, it is rather easy for anyone to get lost behind me. I have a question for the Secretary of State for External Affairs which he might like to take as notice. Has the government received a telegram from students at the University of Manitoba reminding the government that two Israeli citizens are still being held in Damascus following the TWA hijacking in August this year? If so, is the government applying diplomatic pressure on Syria to procure their release?

Hon. C. M. Drury (President of the Treasury Board): I regret to say I do not know whether such a telegram has been received.

Mr. Speaker: The hon. member for Waterloo.

TRADE

COPPER AND NICKEL—CLARIFICATION OF MINISTER'S STATEMENT ON MOTIONS

Mr. Max Saltsman (Waterloo): Mr. Speaker, I am glad I got found in the shuffle. I have a question for the Minister of Industry, Trade and Commerce. In view of the minister's willingness to make nickel available to Canadian manufacturers, is he also considering the establishment of a two-price system so that Canadian manufacturers can buy nickel at the cost of production?

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION OF OBTAINING OF GALLEY PROOF OF BOOK

Mr. Frank Howard (Skeena): I should like to direct a question to the Solicitor General. Will he undertake to have the RCMP investigate what is allegedly an illegal or criminal activity on the part of someone in the Department of Indian Affairs and Northern Development who obtained a galley proof of a book which was published yesterday by Harold Cardinal?

Hon. G. J. McIlraith (Solicitor General): I will be glad to look into the matter. I am not familiar with the allegation of irregularity in that department.

• (12:10 p.m.)

GOVERNMENT ORDERS

CHILDREN OF WAR DEAD (EDUCATION ASSISTANCE) ACT

AMENDMENT RESPECTING ELIGIBILITY, ETC.

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs) moved that Bill C-8, to amend the Children of War Dead (Education Assist-

Proposed Payments for 1969-70 Grain Crop ance) Act, as reported, (without amendment) from the Standing Committee on Veterans Affairs, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the said bill be read the third time, by leave now?

Some hon. Members: Now.

Mr. Dubé moved that the bill be read the third time and do pass.

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

GRAIN

MEASURE TO AUTHORIZE PROVINCIAL PAYMENTS

Hon. Otto E. Lang (Minister without Portfolio) moved that Bill C-157, to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the prairie provisions be read the second time and referred to the Standing Committee on Agriculture.

Mr. Baldwin: Mr. Speaker, I rise on a point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) earlier. I think it will be possible for that suggestion to be carried out, and it will give hon. members a chance to make their views known, either during the second reading debate or at the committee stage. However, I wish to suggest that in the event we are unable to complete the bill by four o'clock, the House might be prepared to consider taking the hour from 4 p.m. to 5 p.m. for the purpose of ensuring that all hon. members who want to make representations will have an opportunity to speak.

Mr. MacEachen: Mr. Speaker, the proposal that has been made by hon. members opposite is agreeable to us. Presumably, the motion should be changed to provide for the consideration in Committee of the Whole rather than in the Standing Committee. We are also agreeable to the suggestion that, if necessary, in order to complete all the stages of the bill, the private members' hour may be devoted to that purpose.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are happy that there has been agreement to the suggestion about going into Committee of the Whole, as I proposed earlier. We also agree to continuing debate of this bill until 5 p.m., if necessary, in the hope that it can be completed today.

[Mr. Dubé.]

Mr. Speaker: Hon. members have heard the suggestions made by the minister. Is it agreed that the motion be changed to provide for consideration of the bill in Committee of the Whole?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

Motion agreed to, bill read the second time, and the House went into Committee thereon, Mr. Béchard in the Chair.

The Deputy Chairman: Shall clause 2 carry?

On clause 2—*Definitions.*

Mr. Lang: Mr. Chairman, I should like to begin by expressing to all members of the House my appreciation for their co-operation in expediting the discussion of this bill today with a view to facilitating its passage through all stages as speedily as possible.

As hon. members will be aware, the cash advance program is a very important one in the prairie region of Canada. Under it, large amounts of money are available to individual farmers prior to sales opportunities, thus placing the cash for their grain products in their hands. The cash advance plan is being used to an increasing extent in the current situation. The farmers therefore have come to rely more and more upon this technique for obtaining cash, particularly in the earlier part of the year. It is, of course, well known and should be remembered by all members of the House that these are advance payments made to the farmer while the grain is still in his bin, still in store on his farm, and payments which he repays during the course of future deliveries of that crop in storage.

It is, of course, true that the general revenue is involved to the extent of bearing the cost of the interest on the money which is advanced in this way. The extent to which farmers have come to rely on these advances is indicated by the total figures on advances now outstanding. As of November 28, 1969, the last date on which I have a report, the total of cash advances in the hands of farmers stood at $231,446,136. The very fact of the extended reliance by farmers upon the cash advance system has led to a number of changes to meet the needs.

Mr. Diefenbaker: Would the minister allow a question? Is this the amount that has been advanced this year or does it include the amounts which have been advanced throughout the years?

Mr. Lang: The figure which I gave was the amount totally outstanding on the date in question, that is to say on November 28, 1969. Of that amount some $28 million is outstanding from the previous crop year, and the difference, about $202 million is the balance still outstanding on this year's advances which total around $213 million, $11 million of which has already been repaid.

The importance of this scheme led last year to the doubling of the amounts of money available on a per bushel basis and the total amount available to farmers under the plan. This has accounted for the increased use of the cash advance plan. The importance of the plan to farmers has, of course, meant that those who cannot take advantage of it are accordingly in serious difficulty. In particular, the general cash advance plan requires that the grain upon which the cash is advanced, the grain which is used as security for the advance, be grain that is harvested and in store on the farm.

In certain areas of the Wheat Board region this year a significant number of acres of crop have not yet been harvested, and of course in some of those areas conditions make it quite unlikely that the crop will be harvested until spring. Weather, of course, is a fickle creature, and some harvesting has in fact been going on even these last few days. But none the less, in a broad enough area, a large acreage of land could not be harvested.

For the individual farmer this has meant a very significant problem in cash flow, added to a cash situation which in any case is serious. Accordingly Bill C-157 is brought forward with a view to providing provisional cash advances on the basis of grain which has not been harvested. This is therefore, an extension for this year of the cash advance principle to the security of unharvested grain.

The record of the farmers who have taken advantage of cash advances is one which leads one to have little concern at all about the fact that this unharvested grain gives theoretically some less security. The record, in general, of repayment of the cash advances is a superb one. We did have an example ten years ago of a provisional payment cash advance plan with unharvested grain as security, and under that plan only about $271 of the amount of money which was advanced was not repaid as the grain was harvested and the farmer was in a position to repay it.

At that time, under that previous plan, something just in excess of $1 million was advanced. It is difficult of course to calculate with accuracy the extent to which individual farmers will take advantage of this provisional advance, but it does not in a real sense add to the expected expenditures by the government. Had these farmers been in a position to harvest their crops they would in general have been in a position to take cash advances under the regular plan. This bill will allow them to take those advances on unharvested crops.

The government will bear the interest on these advances while they are outstanding, and there is some small increase in expenditure involved here due to the fact that these farmers may not have crops to deliver to meet quotas during the course of the next five or six months, until in fact their grain is harvested and is available for delivery.

The cash advance envisaged by the provisional act follows very carefully the pattern set out in the main cash advance plan itself. The amounts per bushel, etc., are meant to follow the basic cash advance plan. Some special repayment provisions are provided to ensure that it is clear that a farmer need not deliver to meet his commitment with regard to the provisional advance until he has had an opportunity in the spring to harvest his crop.

The provisional advance maximum proposed in the bill is $3,000 with a total maximum between provisional advance and regular cash advance at $6,000, which is the regular figure for the cash advance plan itself. It is, I think, particularly appropriate to extend this provisional advance to farmers, as it was appropriate some weeks ago to indicate that Prairie Farm Assistance would be calculated on the basis of conditions known, with the grain unharvested, instead of waiting for the harvest.

In the case of these cash advances it was, I think, particularly important to let the farmers know that this provisional advance would be available, and to bring it forward into legislation. It was important to let them know it would be available because it would be undesirable to have their need for a cash advance lead them into the wrong farming techniques. It is better that they have the ability to take a cash advance on unharvested grain and make their own best farming judgment about whether or not the grain should be brought into the bin in the conditions which may exist at any given time as the

autumn proceeds into winter. This provisional cash advance plan will do this, and it will provide to the farmers who are in this difficult situation some cash to tide them over until harvesting may hopefully begin again in the spring.

The records from the prairie region indicate that of the crops still in the fields, a large quantity is in wheat, oats and barley. The farmers have in fact concentrated on the oil seed crops for a number of reasons, including the marketing conditions which they expect for these crops in the near future. I am therefore very pleased, indeed, Mr. Chairman, to put forward this bill for the consideration of the House, and again to express to hon. members my appreciation for their co-operation in expediting its enactment into law.

Mr. Muir (Lisgar): Mr. Chairman, in introducing Bill C-157, an act to authorize provisional payments for the 1969-70 crop in respect of unthreshed grain, the government is taking a hesitant step in the hope of staving off complete disaster this winter in those areas where the farmers unfortunately were unable to harvest their crops this fall.

We are pleased that action is finally being taken to provide some help to those farmers who, through the vagaries of the weather, have been placed in an intolerable financial situation. With winter upon us, it is to be hoped that the government will work with all possible speed to get the crops inspected and the cash advances made at the earliest possible date. It is for this reason the members of the opposition are co-operating in the hope that the bill will go through today.

As commendable as this action is, action for which members on the opposition side have been pressing since it became evident that large areas of crop would remain unthreshed, it does not even begin to deal with a problem of much greater magnitude. I refer specifically to the serious cash shortage all across the prairies because of the farmers' inability to market the grain they have harvested. Reliance on cash advances, as indicated in the minister's remarks, only emphasizes the serious cash position with which our farmers are now having to deal.

In spite of the fact that a real crisis has developed in western agriculture over the past two years, and is progressively becoming worse, there has been little indication that the

government is prepared to assume its responsibilities and come to grips with the problem. Neither is it offering any constructive leadership for an organized search for the solution.

One need only look over the recent Speech from the Throne to see that all the government has to offer is pious hopes to improve international co-operation and to re-establish orderly marketing. The only thing in it of any substance for agriculture is a vague reference to amendments to the Canada Grains Act which, and I quote:

> —are intended to make our products more competitive in the world markets.

• (12:20 p.m.)

That, Mr. Chairman, is the reference, in toto, to agriculture in the throne speech, one of the most important segments of the nation's economy. There is no mention of the economic toll inflation is having on an industry that has had little or nothing to do with causing it, and even less means to combat it. There is no mention of research into production and marketing for an industry plagued by surpluses, which the government tends to treat as the problems of a poor relative. Certainly, there is no reference at all to higher production costs, lower income, lack of cash and accumulating debts at the highest rates of interest in history. Surely, agriculture deserves better consideration from this government than just a passing reference to a document setting out its current legislative plans. Only now when the crisis in agriculture has developed into disaster proportions in some areas has the government finally decided to act—and even in those areas the amount of money advanced as a loan as a result of passage of this bill will be inadequate to assure the continuation of those farmers in business.

The Minister of Agriculture announced on November 7 that this legislation would be introduced. It was placed on the Order Paper on November 24, and is now being brought forward by the government almost a month after the minister's announcement. This is only another indication of the callous disregard of this government for the problems of the west and as far as assistance for agriculture goes, it is not only too little, it is almost too late.

Perhaps the reason for the government's lack of over-all agricultural policy stems from the fact that the cabinet, knowing little of agricultural problems, is afraid to take advice, no matter how well-meaning, that might lead it into making a difficult decision.

When the opposition members suggested a transport controller be appointed to straighten out the shipping mess during the crisis in Vancouver last winter, no one on the government benches listened. When it was suggested that the government assist the cash-short farmers to reduce wheat acreage in the spring, it fell on deaf ears. When we suggest that no business, farming or otherwise, can survive when it cannot sell enough to pay expenses, the government says it has set up a Grains Council. One wonders if the whole western economy has to hit the skids before this government acts.

Agriculture is looking for leadership, for action on the part of this government to help maintain it as a viable industry, and an important part of the Canadian economy. The value of the industry to the nation can best be illustrated by figures in a 1966 census. That year, the total capital value of Canadian farms was close to $20 billion. The value of all Canadian agricultural products approached $3.5 billion, and agriculture earned a dollar out of every $8 earned by Canadian trade. The Bank of Commerce, in a recent newsletter on Canadian agriculture, points out that Canadian farmers spent $2.7 billion on goods and services in 1968, and in the same year contributed $1.4 billion to our export trade.

These are facts that are surely of interest to all Canadians and points out the necessity of maintaining a strong agricultural economy, not only in the interests of the farmers, but in the interest of the nation as a whole. The report points out that this contribution to the economy was made by an industry that has had its labour force halved in the last 20 years to 7 per cent of the total employed in Canada, while at the same time has increased its production over 50 per cent. This advance in farm labour productivity is illustrated by the increase in the number of persons who can be supported by the production of one farm worker.

According to the Department of Agriculture figures, provided by the economics branch of that department, in pre-war years one farm worker could support the equivalent of 11 persons with food and fibre; today, the number is 42 persons. I offer these figures to show that farm efficiency alone cannot extricate agriculture from the economic straitjacket in which it is now. I offer them, too, to show that it is in the nation's self-interest for the government to quickly find solutions to our marketing problems in order that this efficiency can be maintained.

Until recently the Minister of Industry, Trade and Commerce, the Minister of Agriculture, and the Minister without Portfolio from Saskatoon-Humboldt have more or less been responsible for our grain business. Opposition suggestions that one minister, preferably the Minister of Agriculture, be given control always encountered complete government indifference. When I say more or less, I mean just that because I sincerely believe it was this arrangement that actually impeded any solution to our marketing problems. There is no doubt that this arrangement also worked against taking action at a crucial time in formulating a comprehensive grain policy.

I am supported in this belief by an article appearing in the *Globe and Mail* for November 14, 1969, which suggests the government is expected to announce a special grains secretariat to devise a grains policy. The article reads, in part:

> Western farmers are facing another bleak year and a probable continuation of fairly critical cash shortage, along with jammed wheat storage and considerable uncertainty as to the outlook for the next crop year.
>
> After a year of dealing with one wheat crisis, on a day-to-day basis, the government still has no basic policy to deal with the difficult position of western farmers or to phase some of them into other types of agricultural production or out of agriculture altogether.
>
> Government insiders contend that intense wrangling between different government departments, each with some area of responsibility for grains policy, has prevented the formulation of any kind of longer term policy during the past year.

The article goes on to say that the departments even quarrel as to which minister's name should be on what announcement.

The farmers have been continually advised to switch production from wheat to other grains, and they have done a commendable job in wheat acreage reduction this past crop season. However, unless the government is basing its advice on a comprehensive market survey, one wonders whether we will eventually wind up with the same surplus situation in feed grains as we now have in wheat. Even now many farmers are still holding two-year-old oats and barley, or selling those products below Wheat Board prices to the feed mills.

Nor has Canada's export of feed grains shown too much promise in the past. According to Mr. J. E. McWilliam, President of the Winnipeg Grain Exchange, Canada's exports of feed grains remained virtually static around one million metric tons per year from 1960 to 1966 inclusive. In the same period, United States exports had risen from 11.2

million tons to 21.7 million tons; Argentina's feed grain exports increased from 2.5 million tons to 6.5 million tons, and France increased its feed grain exports from 1.9 million to 3.7 million tons.

The Wheat Board, in its supplementary report for the crop year 1967-68, that is the last available report gives the following information with regard to the production and marketing of feed grains for that period. This information could indicate, particularly in the light of higher plantings to coarse grains in the past season, that stocks of these grains are already building up substantially. They show that the 1968 Canadian oats production of 362.5 million bushels was 58.3 million bushels above the previous year's crop. World oats production increased from 3.3 billion bushels in 1967 to 3.5 billion bushels in 1968. Canadian oats exports from August 1, 1968 to January 31, 1969 amounted to 1.3 million bushels as compared with 1.9 million bushels during the same period in the previous year.

• (12:30 p.m.)

These figures indicate that while we increased our production of oats, we actually reduced our exports of that grain. The same applies to barley. According to the same report, Canadian barley production in 1968 amounted to a record 325.4 million bushels, of which 301 million bushels was grown in western Canada. This was 76.7 million bushels above the barley crop harvested in the previous year. The substantial carryover of 130.6 million bushels resulted in a record total barley supply of 456 million bushels, or 19.9 per cent greater than the total supply a year earlier. World production in 1968, estimated at 5.1 billion bushels, was 7.5 per cent greater than the 1967 crop. Canadian barley exports during the period between August 1, 1968 and January 31, 1969 totalled 10 million bushels, as compared with 18.6 million bushels in the comparable period one year earlier. Clearly, these figures indicate that although we increased our barley production, our barley exports were reduced. Anyone, therefore, who advises farmers to change to the production of certain grains should do so only after a great deal of work has been done to determine whether the advice is valid.

I have been given assurances recently by the Wheat Board that our exports in barley at least are improving and, hopefully, will continue to improve. The examples I have given point up the absolute necessity for the government continuing with market research,

improving our selling techniques, ironing out our transportation problems and modernizing our port facilities. If our grading system needs changing to conform to export demands, let us change it. If that means tailoring our grades to meet the protein content demanded by our customers, then by all means let us meet their qualifications and go after their business. All those things must be done if we are to retain our traditional markets and acquire new ones. The western farmer is efficient, versatile, and willing and able to produce; but he is stultified by marketing problems which are beyond his control. He is looking for aggressive action by those in authority who hold the key to the solution of his problems. Is it too much for him to expect that this government will quit vacillating and give some aggressive leadership in providing the solutions to the problems I have outlined.

I have quoted figures related to marketing in order to show how difficult it is for the farmer to resolve his problem of growing indebtedness and cash shortage with a delivery quota of only five or six bushels at the most. Even his repayment of cash advances will be difficult. Despite all this, the minister rose in the House on November 18 and announced a curtailment in federal farm production programs, the phasing out of three experimental farms and a general cutback within his department of assistance programs. This only means that the government, in trying to sell its phony austerity program to the people, has picked agriculture as the most vulnerable scapegoat in order to reduce its research programs, withdraw its services to the farming communities and reduce even its meagre cash outlay to the 4H clubs where thousands of young Canadians are being taught good citizenship through a largely volunteer teaching program.

Finally, Mr. Chairman, we are glad that the minister has been able to persuade the government to recognize, even to the extent of the provision of this bill, that western Canada faces problems the solutions of which depend to a large extent on the actions of this governement. I know that the minister, as a westerner, has been aware of these problems ever since he assumed responsibility for his portfolio. Is it too much to expect that the government, having taken this first hesitant step, will begin to show some leadership in this regard and develop programs that will allow the rural areas of this nation to participate in the so-called just society.

Mr. Diefenbaker: Mr. Chairman, may I first express my deep appreciation to the hon. member for Battleford-Kindersley who permitted me to speak in his place. He was to have spoken at this time but because I have to attend the funeral of Mr. Andy Fairnie who for fifty years was a valued servant of the Crown and to members of this House. The hon. member very kindly agreed that I might have the opportunity to attend that funeral, and I appreciate very much his courtesy.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: This legislation naturally receives our support. I think that the hon. member for Lisgar covered the situation exceptionally well in his speech. Having a wide knowledge of farming and having held a high position within his province in the agricultural field, the hon. member has spoken with that ability which experience has enabled him to do.

We support this legislation. The administration which I had the honour of leading as Prime Minister supported the idea of legislation involving cash advances. For many years while in opposition we tried to have it brought in, but the government said it could not be done. What was regarded as heresy when first introduced by the administration in 1957 has now become orthodoxy and a means whereby assistance is to be made available to the western farmer. Repentance is always appreciated, however long delayed. The situation on the prairies is very serious. In the province of Saskatchewan the crop on almost 1 million acres is unthreshed. Those farmers find themselves in a disastrous position.

On December 2, as reported at page 1479 of *Hansard*, I asked the following question:

> Mr. Speaker, I direct my question to the Minister without Portfolio, the hon. member for Saskatoon-Humboldt. By reason of the widespread criticism at the Liberal convention which the hon. member attended in Saskatchewan concerning sales of wheat and also box car manipulation as it was described, rather than distribution, is the minister now in a position, having had the benefit of the general viewpoint of the Liberal party in Saskatchewan at that convention, to agree—

Mr. Speaker said, "Order, please," and I said that there should be an investigation. Mr. Speaker said that he objected to the form of the question, and I said that I did not know how to bring the matter to the minister's attention except by telling him what took place. The minister's reply, in part, was as follows:

> —I am glad the right hon. member described the convention in some detail because I certainly would not have recognized it from the start of his question.

Apparently the minister does not read the Saskatoon *Star-Phoenix* because, in dealing with the convention, it had this to say on November 29. The top line of the heading over the article is, "Wheat Board under fire". The article reads in part:

> The Canadian Wheat Board—and indirectly Saskatoon-Humboldt MP Otto Lang, minister in charge—took it on the chin again Friday from Saskatchewan farmers.
>
> This time the punches came from delegates at the Saskatchewan Liberal Association's panel discussion on wheat. They covered the field from the wheat board and box car shortage to sagging international sales, in an attempt to pin down the reasons for the current wheat sales crisis in Saskatchewan.
>
> Delegates condemned the wheat board for everything from failing to campaign for exports actively enough, to its structure, stopping just short of advocating its abolition—

Apparently the hon. members who were present told the minister and the Minister of Agriculture exactly what we have been endeavouring to say for some time. The minister, I know, is most desirous of doing his best, having been of the opinion over the years that eastern Canada does not understand the agricultural problems of western Canada. He felt the Easterners had to be educated. I have never found that, but that was his view. He said that eastern Canada did not understand or realize the situation of the western farmer. That was his view in 1968. Now that he has occupied the treasury benches for some time, I am sure there is nothing that has happened to change his opinion. This government has simply forgotten the western farmer.

• (12:40 p.m.)

I want to be fair to the minister. I have before me a letter that he wrote to his constituents during the course of the campaign. I am not going to read it all, but I am sure the minister will want to have recalled to him the expression of his views during that campaign.

Mr. Lang: Read it all.

Mr. Diefenbaker: It reads:

> First of all let me emphasize that I am above all my own man.

I am beginning to think he is the only one in the government who has views on behalf of western Canada, so I interpret that accordingly and correctly. I continue:

I will fight for causes which are right whatever the price; I will not bow down before power or influence. I may come back battered and torn but the fight is important and with your encouragement and support it can be won.

I can imagine the minister in the cabinet, battered and torn, trying to do something on behalf of western Canada and finding himself up against an impossible wall. I read on:

Reason is my business and I will listen to all of your arguments and your ideas. I will be your advocate for good causes.

I like those words. I suggest the minister should get behind us and the stand we are trying to take. He should bring into effect acreage payments which is something for which the farmers of western Canada are asking.

Some hon. Members: Hear hear.

Mr. Diefenbaker: See if you can convert the Minister of Industry, Trade and Commerce.

An hon. Member: Impossible!

Mr. Diefenbaker: About all western Canada ever gets from him is a bow. See what you can do. Let me read on:

I will be your advocate for good causes. The special arguments for a fair deal for agriculture have never been understood in eastern Canada. As your member I would campaign in the streets of Ontario and Quebec as well as with parliament and cabinet to show these people what justice for agriculture means.

I know the minister is bona fide in his determination. I suggest he should get behind some of the ideas that are being put forward for the benefit of western Canada, and in particular agriculture.

They have never understood.

That statement refers to the people of Ontario and Quebec.

They think we want subsidies or welfare. They must learn that simple justice demands a better deal for the farmer and fixed income groups. These people have no control over their incomes but buy goods in a world where most prices are fixed to assure the supplier a good income. We have given these suppliers control over their prices but we have done nothing to protect the farmer and pensioner. Correcting this wrong will be my first priority.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That was applause from some of the minister's colleagues. I only hope the minister can convert them because up to the present time they have shown no sign of doing anything. Nothing effective has been done since the month of June, 1968 to help the serious situation in western Canada. I am glad to have that declaration of independence on the part of the minister. I am glad to learn of the resounding words in which he is going to speak out. I would like to see him start. I read his speeches. They are well put together; his diction is perfection itself, but what action is there in the end? What does the heading say? "Action Lang".

I suggest, Mr. Chairman, that the minister should go to work now and start parading the streets of Ontario and Quebec. But before he does that, he should start on the cabinet to see if he can get some action concerning this serious situation which has never been equalled, not only in western Canada but Canada as a whole. One and a half billion bushels of grain are piled up. What has occurred in consequence of that pile-up is that the pipelines are entirely or virtually closed. We have to get the wheat out of the line elevators. We have to clear the pipelines. That means some tremendous action must be taken, otherwise the farmers cannot sell their wheat. There is no opportunity of moving it, no matter what the transportation facilities might be.

I suggest the government must take effective means without delay to bring about in western Canada a storage system similar to that in the United States and construct what are called Butler bins. They are made of metal and hold up to 50,000 bushels each. The government will have to make available in western Canada, for the assistance of western farmers, facilities of that kind in order to clear the pipeline so there will be available space.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The hon. member for Lisgar dealt with certain phases of statistics. The minister, in one of his recent releases dated December 1, warned that farmers may have to reduce wheat acreage. He stressed that, through the efforts of the Canadian Wheat Board, Canada has maintained its share of the world market in the face of stiff international competition. That is the story that is being told all over western Canada. It is not true. That is simple and unadulterated fiction for political purposes.

I intend to place on the record the situation with respect to Canada's share of world trade, specifically restricting it to wheat, unless the House wishes to know the record so far as

oats and barley are concerned, since 1957-58. In the first year that we were in office, Canada increased her percentage from the preceding year, and equalled the year 1955-56, with 30 per cent of the world market. In 1962-63, the last year that we were in office, the amount had gone down. For 1963-64, following the last year we were in office, the percentage was 29 per cent. In 1964-65, it was 22 per cent; 1965-66, 27 per cent and the same in 1966-67. When the minister says nothing has happened, that we have maintained Canada's share of the world market, that statement has no basis in fact. For 1968-69, Canada's share had fallen to 19 per cent; 1967-68 and 1968-69 were the same.

• (12:50 p.m.)

In other words, we are losing our share of the world market. This can only be the result of the failure of the government to get behind the Wheat Board. In order to keep the record clear—I have given all the statistics—I will take oats. In our first year, we had 23 per cent of the world's trade. In 1967-68, it was 5 per cent; in 1968-69, it was 4 per cent; practically gone. No amount of fictional discussion on the part of the minister can answer those statistics. They are from the FAO world grain statistics and also from the publication, "Canadian Exports, Wheat, Oats and Barley". We would not be in the position we are today if the minister had carried out the intention he expressed during the course of the election when he said there was a disinterest in the situation in western Canada which he intended to rectify.

What about the Minister of Industry, Trade and Commerce? He has an affable way of saying nothing. He never did a more effective job than on December 4 when I asked him a very simple question having to do with the European Common Market. If Canada's exports are not protected by the United Kingdom we shall suffer seriously. In 1960-61 we received an assurance from the MacMillan government that Britain would not enter the Common Market if the result would be detrimental to agriculture in the Commonwealth. After all, the Commonwealth must be upheld. This was the attitude of the government of that day.

Mr. Pepin: May I ask a question?

Mr. Diefenbaker: I asked the question and I will read the answer. What part of it would the minister like me to read?

Mr. Pepin: The question asked whether Canada's wheat exports and so on would be "as far as possible protected and assured before entry into the European Common Market would be acceptable to the United Kingdom".

Mr. Diefenbaker: Oh, I can read. I asked:

> With the admission of Great Britain to the European Common Market, will Canada, Australia and New Zealand be reasonably protected by assurance of the British government against a serious diminution in the amount of their exports of agricultural and other products to the United Kingdom.

About nine lines later in the record, the minister said:

> The British government has assured us of its readiness to keep us informed as developments occur in the present round of negotiations.

The question did not ask whether Canada was being kept informed. It was: Have you secured an undertaking? Have you tried? The answer is that hon. gentlemen opposite have not tried, or, at least, they had not tried up to the day before yesterday. If they have done so in the last two days, that is their first effort. The minister went on to say:

> We expect that the U.K. and ECM, both important trading partners with Canada, will take Canada's interests into account. As a matter of fact, we hope the entry of the U.K. will mark a further liberalization of EEC policies especially with respect to agricultural products and non-tariff barriers.

There is no basis whatever for that statement. It is simply an expression of a pious hope which cannot be achieved. I again come back to the question I raised earlier.

> Will the minister now answer the question whether or not the United Kingdom has given any assurance similar to the assurance given by the MacMillan government in 1960 and 1961 that if Great Britain entered the European Common Market Canada's wheat exports, as well as agricultural exports from other parts of the Commonwealth would be, as far as possible, protected and assured before entry into the European Common Market would be acceptable to the United Kingdom?

What was the minister's answer?

> That could be, in my view, a denial of the postulate accepted by the right hon. gentleman, which is the right of England to go its own way. However, I would think that in its own interests the United Kingdom would be mindful of our interests.

Mr. Chairman, there never was in six lines more nonsense encompassed.

The Chairman: I am sorry to interrupt the right hon. gentleman, but his time has expired.

Some hon. Members: Carry on.

The Chairman: Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Diefenbaker: Thank you very much. I shall conclude immediately.

First, we are not protecting our agricultural situation by any protest in advance of any agreement with the Wilson government. Second, this government showed its complete disinterest in the wheat situation in connection with its pell-mell rush to recognize communist China. When I asked the Secretary of State for External Affairs, during the progress of the perambulating discussions which were taking place in Stockholm and elsewhere—we were running after the communists and saying "Please, we want to join"—what was the quid pro quo, whether we would get anything out of it, whether we were asking for markets for our wheat, the answer was: We are not discussing wheat at all.

This illustrates exactly what I have in mind, first in connection with the European Common Market and, second, in regard to this determination to recognize communist China. There is no endeavour on the part of this government, and there has been none, to protect our wheat markets. The time has come for the minister, with the determination which is present in every line of his immortal declaration in June of 1968, to speak to this cabinet with the same authority. Let him not start walking on the streets of Ontario and Quebec. He should tell the cabinet he wants some action out in western Canada.

Some hon. Members: Hear, hear.

Mr. Thomson: May I call it one o'clock, Mr. Chairman?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2 p.m.

Mr. Thomson: Mr. Chairman, at the outset I should like to state that this party supports the principle behind this cash advance legislation. We feel there is an obvious need for some additional cash to be put in the hands of the farmers. Since the farmers must operate in an uncontrolled environment, particularly in some sections of the prairies, and since they cannot control prices and the cost of operating their farms—at the present time they are not able to make up their loss by increasing their volume of sales—it is essential just to keep them in business that they receive some cash immediately to carry them over on a short term basis until something further can be done to improve their situation.

With regard to the situation on the prairies as I see it, I should like to emphasize that while a cash advance is a beneficial measure for the government to enact, we are really only postponing the inevitable. The day of reckoning will come. What is really required are larger grain sales or some other way of injecting cash into the prairie economy. In this regard, I am aware that the government is hoping that something will emerge to get them off the hook, so to speak.

However, may I suggest to the Minister without Portfolio that he take a serious look at what might happen if sales do not increase or the situation is not taken in hand. I am sure the minister is aware that the economy is in trouble, even without these cash advances, and if sales are not obtained we will be in worse trouble. I am not hoping that the government or the minister will be embarrassed as a result, but as a farmer from the prairies I am hoping that markets for grain will be found so as to solve the problems of the farmers in that area. If anything can be done, either to increase grain sales or to enable farmers to switch to some other type of farming operation then I would be in favour of it.

I should like to discuss for a moment the change that has gradually come about in the attitude of several governments in Canada. At one time there was no such thing as a cash advance to farmers. There was then introduced legislation enabling them to obtain loans from the bank at a certain rate of interest. Then the government passed legislation to provide a $3,000 advance interest free, and this amount has now been increased to $6,000. We now have this legislation to advance cash on unthreshed grain. I do not think these several measures conformed to any consistent, over-all plan; like Topsy, they "just growed".

• (2:10 p.m.)

While I agree that each of these steps is essential I feel a little uneasy about amendment being piled on amendment without any over-all approach to a solution or program. This government is involved in a number of advances or loans in various forms to the

agricultural industry or farmers. These are in the form of guaranteed loans, payments through the Farm Credit Corporation or cash advances. I wonder whether some farmers realize the awkward situation this brings about in respect of proper loan management or adequate sales. I would think this government should take some over-all responsibility by taking a new look at the agricultural policy in an effort to determine where the responsibility of the government lies, where the responsibility of the grain industry lies or where the responsibility of the individual farmer lies. In other words, the government should determine where these three areas of responsibility start and stop.

We feel that the involvement of the government and the farmers of Canada in the GATT agreement is not to the advantage of the Canadian grain industry. I respectfully suggest to the minister that the interests of the primary grains producers in Canada were sacrificed for the interests of those who produce manufactured products. I suggest it is proper that a member from western Canada should have some concern about this. The grain industry has suffered rather than benefited as a result of all the hoopla suggested by the government with regard to the proposed GATT agreement.

Some little time ago, I suggested to the parliamentary secretary to the Minister of Finance that we could do with some organization in so far as the handling of grain is concerned. I mentioned, for example, that there were demands at the Lakehead for flax and there was no flax there. Last winter grain sales were available at the west coast and there was no grain there.

I suggest that some better organization within the government departments or on the part of the people who actually handle and manage this grain would be beneficial not only to the grain handlers themselves but to the farmers and the economy of Canada as a whole. I believe the government could be saved considerable political embarrassment if these problems were solved beforehand instead of afterward. I think, too, the farmers would like to know where they stand within the agricultural economy and what is expected of an individual farmer or small businessman within the Canadian economy. Obviously, he cannot go out and sell in the world markets in competition with the governments of other countries. When our Prime Minister stands up in Winnipeg and says, "Why should I sell grain", I suggest this shows that the Prime Minister does not understand the problem in respect of world markets today. It is time someone told him about the actual problem of disposing of grain and grain sales in the world markets. As a farmer, I feel indignant about this. I also feel indignant about it as a representative of the area. I think the same situation is true in respect of any other small business which tries to sell on an international market.

The minister has suggested he intends to look into the question of the improper movement of grains eastward in Canada. In the *Star Phoenix* for Wednesday, December 3, he is quoted as saying that he will look into reports of improper movement of western feed grains to eastern Canada. I suggest that he look into the matter of the improper movement of feed grains within western Canada as well, because I suggest the government has winked its eye at the transfer of grains across the borders of the three prairie provinces. If it is not a good thing that this grain should move back and forth, then let us police it in order to see that this is not done. If it is a good thing, then let us change the law rather than have the government wink its eye at the infractions.

The Minister without Portfolio from Saskatoon-Humboldt indicated he would like to be able to say to the farmers in the spring what crops they should grow. He is studying this matter. I should like to make some suggestions to the minister. I would suggest, for example, that the government say to the farmers that it will accept several million bushels of rapeseed over and above the normal public demand, and that it will be prepared to withhold this from the commercial market if there should be a surplus. I suggest the government also say this in connection with several million bushels of flax seed and Durum wheat. A number of times in my farming experience there have been occasions when, because of a market or production collapse in some other countries, we have been able to dispose of several million extra bushels beyond our expectations. For this reason let us have more alternatives. Let us have a supply of the various different grains on hand, but let us not ruin the normal commercial market.

It is better to carry a little extra supply of rapeseed, flax or Durum wheat than to have all our surplus in the form of one type of grain. I have one further suggestion for the minister from Saskatoon-Humboldt. I believe there should be a little more promotion in

respect of the sale of grain. Since next year is Expo year in Japan, I suggest that Canada should have an exhibit something similar to the one the Doukhobors had at Saskatoon. This exhibit showed flour actually being made into bread, then the bread is sold for, say, ten cents a slice, perhaps with honey or jam on it. This has been done in Saskatoon where the people are accustomed to the homemade style of bread. In an area of the world where we are trying to promote new sales, I would think an exhibit of this type might be beneficial in encouraging the growth of our wheat market. It might encourage people to eat bread instead of rice or some other product. I should like the minister to seriously consider something of this nature for our Canadian exhibit in Japan in 1970.

Mr. Baldwin: Mr. Chairman, since the hon. member for Battleford-Kindersley yielded to the right hon. member for Prince Albert, we are perfectly willing that the hon. member for Yorkton-Melville carry on the debate.

Mr. Nystrom: Mr. Chairman, I should like to take perhaps 10 or 15 minutes to say a few words in this debate. First of all, I wish to say that I agree with the remarks made by the hon. member for Battleford-Kindersley who has been involved with farming organizations much longer than I. I find that in my constituency there really is not too much unthreshed grain at the present time, although there are certain small pockets where the farmers do have unthreshed grain. In general, I suppose, only about 2 per cent or 3 per cent of the grain in my constituency would not be threshed at the present moment. This is partly because of what the minister said at the outset of the debate this morning. We have had some fairly good weather in the last month or so and many people, even in the last couple of weeks, have been able to store their grain. But, as was stated already in the House this morning, almost one million acres of grain across the prairies or in Saskatchewan has not yet been threshed. Most of it, of course, is in the most northerly part of the province.

• (2:20 p.m.)

So I am very happy, at the outset of my speech, to lend my support to this bill. I hope that it will be passed expeditiously, so that the farmers who are in this unfortunate position can obtain some cash as soon as possible to meet some very pressing financial needs.

[Mr. Thomson.]

The purpose of the bill is to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the prairie provinces. I think that the hon. member for Battleford-Kindersley has already briefly traced the history of this type of legislation by which the minister is helping a number of people in the prairies, and I must commend him for that. We can remember the time when there were no advance payments at all for western farmers. Then, there was an advance payment up to a maximum of $3,000, which was later increased to $6,000 and today we have a bill before us which authorizes advance payments to farmers with unthreshed grain. Under the bill I believe that a farmer can claim up to half of his acreage, regardless of the quality of the grain, and there is a maximum of $3,000 per farmer. The bill says that a farmer can collect up to $1 a bushel on wheat, up to 40 cents a bushel on oats, and I believe that the limit on barley is 70 cents.

While I am on my feet, I cannot help but underline some of the things that have been mentioned by one or two speakers this morning and this afternoon. If we think that cash advances alone will really solve the problem, we are putting off the inevitable and we are disregarding some of the things that will happen. I spent a couple of days last month touring my constituency during which time I was able to get out to many small towns and talk to many of the farmers there. All the stories they told me were pretty well the same. Most of them are faced with severe financial problems which affect not only the farmers but many of the small businessmen, and indeed practically everyone in the prairie region.

I think the minister himself is aware of this situation. The right hon. member for Prince Albert reminded the minister once again this morning of the response he received at the Saskatchewan Liberal convention from many of his fellow Liberals in the province of Saskatchewan. It is not very often that I find myself agreeing with the premier of Saskatchewan, but I think even he is realizing that there are many problems with which the federal government has not been able to cope during their term of office so far. The right hon. member for Prince Albert also spoke about a letter that the Minister without Portfolio from Saskatoon-Humboldt had sent out to his constituents just before the election in 1968. In that letter he stated a few things which I think were very interesting. He said

that many people in eastern Canada do not really understand the problems which confront the people in the west, particularly with reference to agriculture. He said that he is going to change this and that he, as an individual, will do his utmost to do something about it. He said he was prepared to walk down the streets of Quebec and Ontario in an attempt to change the attitude of people in the east. If I knew this would help I, myself, would walk down the streets with the minister. I am sure many more on this side of the House would join him also.

There is a point that should be taken seriously, and that is that there is a real misunderstanding among many people in eastern Canada, particularly in the cities, of what is happening in western Canada today. Many people think that farmers there are actually fairly wealthy, perhaps because they do have a lot of money tied up in a farming operation of one kind or another. To illustrate this perhaps I can refer to a letter which I received from an elderly gentleman in Windsor last year. This person was writing me a letter after one or two farm debates in the House. He was quite sincere when he said that he had been told that about 85 per cent of Saskatchewan farmers are so well off they go to California or Florida every winter. He wrote that he did not believe this, but he does know that at least 50 per cent of them are sufficiently well off to go to California or Florida in the winter.

As anyone knows, this is just not the case. Of course all of us who are from the west can easily vouch for that fact. But this statement does indicate some of the misunderstandings that many people have of the type of problem with which the farmer finds himself confronted today. As I said, cash advances help to alleviate the immediate problem of many of these people, but they are not the only solution or the only answer. Many people seem to believe that when the government gives out cash advances they are giving the farmers money. This is not the case. Those are just advances on the money that the farmers will obtain once they sell their grain, following which these loans will be repaid.

Perhaps I can spend one or two minutes going into some of the things that are happening out west so that some hon. members may understand more readily why the situation is serious, and why it will become more and more serious in the near future. I think there is no doubt that conditions are going from bad to worse and that farmers have their backs to the wall. For example, in 1968-69 Saskatchewan farmers were able to market on the average less than five bushels of wheat per acre. At this rate, even the most efficient of farmers cannot hope to begin to meet his production costs. Many farmers say that the average production cost per acre in Saskatchewan, when you take everything into consideration, is about $21 per acre. Meanwhile, the average income per acre in the last year was $8.09. So the cost was $21, and the income was $8. As you can see, not even the most efficient farmer can hope to meet expenses when conditions are this difficult for them.

This situation does not only affect farmers. As I said at the outset, it affects almost everyone in Saskatchewan. All you have to do is to go to any small town in Saskatchewan and talk to people on the main streets, people who own businesses. First, you will notice that farm machinery dealers are going bankrupt or are pulling out in many of the small towns across the prairies. I believe that last year farm machinery sales were down by over 20 per cent in the province of Saskatchewan. I know that housing starts were down by 20 per cent in the province. So, the situation affects everyone because, regardless of what you do when you live in a province such as Saskatchewan and particularly in an area such as mine, you are indirectly affected by everything that affects farmers. Your own welfare is directly correlated to that of the farmers.

We may ask ourselves whether the government is aware of what is happening in the west today. I maintain they are. There are three ministers from western Canada in the cabinet: the minister who is presenting the bill before us, the Minister of Agriculture and the Minister of Supply and Services. In addition, all three provincial governments in the prairies have made representations to the federal government, and once again this was done at the recent Liberal convention in Saskatchewan a week or two ago. Then, too, opposition parties in this House have been asking the government questions every second day and have been offering them ideas as well as bringing the situation to their attention. This has not only been done by the opposition parties. I know that many government members, such as the hon. member for Assiniboia, have been drawing the government's attention to problems facing people in western Canada.

• (2:30 p.m.)

Perhaps even more important is the fact that, many farm organizations have presented briefs and have met members of the cabinet and members of the government party. I am referring here to the National Farmers' Union and its provincial members. I am talking about the Wheat Pool. I am talking about the Federation of Agriculture and other agricultural organizations across the country. All of us remember that the Standing Committee on Agriculture, which was composed of members of all political parties, made a tour of the west last session. The Committee members talked to the people and toured the farms. They heard briefs. Then, the Committee made a number of recommendations, many of which I believe hon. members have said have been ignored by the government.

Now, we can say that the government is certainly aware of what is happening in western Canada. Last July the Prime Minister went to Regina and Saskatoon to, in his own words, find out what was going on and to hear from the farmers themselves what their problems were. I think he found out. What happened in Saskatchewan last July may only be the beginning if something is not done, and done immediately, to alleviate the crisis facing western agriculture. I suggest that the government has done very little. I support the bill before us today to provide cash advances, but this serves only a very limited purpose. We must get some money into the western economy as soon as possible. We must sell grain. We must move the grain we do have as fast as possible, and store as much as possible in terminals and elevators so that the farmers can have some cash in their pockets as soon as possible.

I know that during the last two or three days the hon. member for Regina-Lake Centre has been trying to get some answers from the Minister without Portfolio from Saskatoon-Humboldt on the storage of grain. He has been asking questions about the National Harbours Board terminal, No. 2, in Vancouver. He has been asking why it has been empty for about a year. From the information in our possession, we know that if the terminal were repaired it could be used for the storage of grain, for the loading and unloading of grain. It could be used for the storage of rapeseed, flax, and certain grades of wheat. I believe it could be repaired quite cheaply. I believe this must be done, because it would be very irresponsible not to do all that is possible to get as much grain as possible off the farms. When the minister is replying I hope he can offer us a few comments on this National Harbours Board terminal in Vancouver, and tell us what the situation is right now as well as what the government intends to do about it. I believe the capacity of this terminal is 1,200,000 bushels. It is sitting there empty. If we can fix it up and store grain in it, this would be much appreciated by the farmers in western Canada.

Another point I would like to discuss with the minister at this time, and I do so once again because I think it would lessen the need for cash advances or maybe help farmers repay some of the advances they are going to get, is the proposal put forward in a resolution passed just last week-end in Saskatoon by the Farmers Union of the province of Saskatchewan. They suggested a moratorium on the repayment of many types of farm debts, debts owing to the Farm Credit Corporation, and Farm Improvement Loans. Such a moratorium would provide legal authorization to defer repayments. I am not sure how long repayments should be deferred. This is something we cannot decide at the present time, but we should do it for perhaps a year or two, at least until the farmers in western Canada do have some grain that can be sold. I suggest to the minister that the government should seriously consider imposing a moratorium on both interest rates and loans for a certain period of time. If this is not done, and grain is not sold so that cash will be put into the western economy, many farmers will go bankrupt. I do not think I am exaggerating the case. I hear this story all the time as I travel through my constituency.

Finally, Mr. Chairman, summing up as quickly as I can, I think the government must realize it has to make a number of radical changes in its attitude toward agriculture generally. The farmer must have some guarantee of the price he is going to get for his commodity. He must have a better idea of what he can produce and sell. The farmer's income is constantly fluctuating. He never knows what he is going to get for a product, or how much it will cost him to produce a product. He never knows what to produce and, in part, the fault for this situation lies with the federal government. I think we can safely say that the farmer has been led astray many times on the question of whether he should grow wheat or other grains. The Prime Minister, when he was campaigning in Winnipeg in June, 1968, told the farmers that

they should grow as much wheat as they possibly could because the government would sell it. But a few months later, also in Winnipeg, he asked them, "Why should I sell your grain? I cannot do it. After all, I am only the Prime Minister of this country." I, for one, cannot tolerate this type of irresponsibility on the part of somebody who holds the position of Prime Minister of this country. Apart from all this, we must do a number of new things to try to keep farm costs down, costs that have been going up by leaps and bounds during the last four or five years.

In summation, Mr. Chairman, the situation is very serious and I hope that in some way over the next few months I can re-emphasize this as strongly as possible. I think the type of thing we saw in Saskatchewan last July is only the beginning of something that is going to become much worse unless the government does something. Cash advances are helping right now, but they are just a housekeeping measure and will not solve the problem. When the minister replies I hope he will comment on one or two of the suggestions I have put forward this afternoon. With that, Mr. Chairman, I resume my seat, and ask members of the House to pass this bill as quickly as possible so that we can get a little cash into the hands of some farmers who were not able to harvest their grain this fall.

Mr. Douglas (Assiniboia): Mr. Chairman, I am very pleased to have an opportunity to speak briefly on this bill. I believe it is a good bill, the provisions of which will be of great benefit to those unfortunate farmers who have been able to harvest little or no grain this fall. Some time ago I suggested to the minister in charge of the Wheat Board that it would not be necessary to send this bill to the Standing Committee on Agriculture and that it would be preferable, in the interests of speedy action, to have it dealt with as rapidly as possible in the House of Commons itself. I am glad that this is the procedure that has been adopted.

I was hoping this measure could have taken the form of permanent legislation which would be available any year in the future when a similar need might develop. However, we farmers are eternal optimists, and we can always hope that we will not soon have a repetition of the adverse harvest weather experienced in many parts of the prairies this fall. As the minister pointed out, there has been some harvesting done in western Canada in the past few days because of unusually good weather, which saw new records set for high temperatures at various localities in recent days.

I was also hoping that there would have been an amendment to the Prairie Grain Advance Payment Act to take care of an anomaly that has developed as a result of the deferred delivery plan. Those unfortunate farmers who were not given an opportunity to deliver the promised five-bushel quota during the crop year which ended last July 31 have been authorized to carry forward that quota and sell it this year. Many of those farmers had no outstanding cash advances on July 31, but because they desperately needed money they took cash advances after August 1. Now, when they deliver grain on their deferred authorizations, half of the proceeds are deducted to be applied in the new cash advances.

• (2:40 p.m.)

If they had been treated equitably last summer they would have received the full amount for their grain. Now, they are being given further unfair treatment. Not only have these farmers had their income delayed several months, but they have had to accept an initial payment 20 cents less than they would have received last July. They have also been faced with a proportionately greater storage problem this fall than their more fortunate fellow farmers who were able to deliver their five bushels in 1968-69. Now they are encountering this further discrimination, and many of them are justifiably incensed. In the long run it will not make a great deal of difference, since all farmers hope to fully repay these advances, but with the present cash shortage it is a very significant item to those farmers affected. It is probably too late now to correct this inequity, but I hope the minister will take it into consideration.

My mail continues to be liberally sprinkled with letters complaining about unfair distribution of box cars for grain. Many of them are coming from farmers who are in the "block system" of box car control. These complaints bear out my previously stated contention that the "block system" was not designed to provide even distribution of box cars as between points and as between producers. Its main aim is to make more efficient use of our grain gathering, transporting, and handling systems, to the end that the right grain will be at the right place at the right time. This

will better service our customers, and maximize our sales, wherein lies the main hope to revive our ailing grain industry.

I believe the "block system", which is designed to call forward only those grains in current demand, will leave thousands of farmers with little or no opportunity to deliver unwanted grain which they have as a result of weather and other conditions beyond their control. Therefore, I suggest that what is required soon is a massive extension of the cash advances system whereby farmers will be paid a large percentage of the value of an authorized quota of grain, whether or not they can deliver it, and whereby those farmers who are forced to retain the grain on the farm will be compensated for storing it. They should be paid for the full authorized quota with no arbitrary ceiling, except perhaps a hold-back of about 10 per cent of the value to insure delivery when the grain is required.

Speaking of quotas, I must say that there is much dissatisfaction with the operation of the quota system. This has been evident for many years, and I could produce correspondence I had with the Wheat Board in this regard several years ago. When the Wheat Board members appeared before the Standing Committee on Agriculture last spring, I suggested that the quota system needed revising. The Chief Commissioner agreed that it did, but showed no disposition at that time to go into the matter and apparently nothing was done. After the federal government appointed Mr. Charles Gibbings to the Wheat Board on July 1, 1969—a very commendable appointment in my opinion and in the opinion of every farmer I have talked with since—I sent my suggestions about quota revision to him. A few weeks later I was very pleased to have a reply from him indicating that the Wheat Board had set up an internal committee to review quota policy and recommend appropriate modifications. I look forward to the results of this study with great anticipation.

It is interesting to note how different people use statistics in different ways. The right hon. member for Prince Albert produced some statistics to show that the percentage of world wheat trade Canada has enjoyed, has varied from time to time. I believe that the total number of bushels sold is of more significance to farmers than percentages. According to figures published in the papers prepared for the Canadian Agricultural Outlook Conference, which was held here in Ottawa last week, Canada's exports of wheat in the five-year period 1958-1962, the Diefenbaker-Hamilton years, averaged 315.7 million bushels per year. In the next five years, 1963-1967 wheat exports averaged 483.2 million bushels per year, up over 50 per cent. During the past two crop years, which ended on July 31, 1968 and July 31, 1969, Canada's wheat exports averaged 320.6 million bushels, a little higher than the period from 1958 to 1962. I will agree those figures are far from satisfactory but, as all hon. members know, there is some prospect of improvement, certainly over the longer term. The efforts of the Canada Grains Council, and the new grains group under the direction of the minister in charge of the Wheat Board, which he announced in a press conference this morning, will soon pay off in greater wheat sales, and better management of our grain economy generally, I am sure.

Before concluding, Mr. Chairman, I should like to comment but briefly on two more items. First, some opposition spokesmen have been critical of the government because the legislation was not presented earlier. I should like to draw the attention of the House to the fact that in a similar situation ten years ago, but under the government headed by the right hon. member for Prince Albert, legislation to authorize cash advances on unthreshed grain was not passed by Parliament until January of the following year.

Second, I want to correct the false impression the right hon. member for Prince Albert tried to leave about what happened at the Saskatchewan Liberal convention last week in Saskatoon. It is true that a small number of delegates complained about some operations and decisions of the Wheat Board. This is not unusual, because farmers have complained about various aspects of the Wheat Board operation for years. This is very understandable because of the all-pervading influence of the Wheat Board on almost every farmer. Regulations developed for general application do not always meet the desires of all farmers everywhere. It would be strange indeed if every one was completely satisfied with the operation of that Board. The important thing is that when a lengthy resolution, critical of the Wheat Board, was presented to the full convention, it was enthusiastically and almost unanimously turned down by the delegates, after a spirited defence of the Wheat Board by the federal Minister of Agriculture.

As I said in a previous speech during this session, the Liberal party is fully committed to the Wheat Board system of orderly mar-

keting, and we are developing plans to improve it and make it even more satisfactory to the farmers concerned. I could talk about a wide variety of other subjects, as some of the other speakers have done, but I have tried to confine my remarks to arguments raised by previous speakers, and to questions related to Bill C-157, the Prairie Grain Provisional Payments Act. I hope it is passed this afternoon, and that it will be quickly brought into operation.

An hon. Member: Tell us about the odd balls.

Mr. Southam: Mr. Chairman, it is not only my privilege but my duty to rise at this time to present my views on Bill C-157, an act to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the prairie provinces. I was happy to join with other members and parties in the House to send this bill directly to the committee of the whole house, rather than the Standing Committee on Agriculture, in order to speed up its passage and provide some emergency help for hard-pressed prairie farmers.

Having said that, Mr. Chairman, I must hasten to say that I am pleased the government has finally decided, after many strong recommendations by the opposition, to move at least in some small way towards bringing some assistance to our hard-pressed western farmers. I suggest through you, Mr. Chairman, that the benefit from Bill C-157 is still only crumbs from the master's table.

I want to compliment the hon. member for Lisgar for so effectively and forcefully placing the position of the western farmer before this government. Of course, the right hon. member for Prince Albert, in his own logical and inimitable way, pinpointed the economic problem of western farmers. This, of course, is the lack of grain sales over the past two years. He quoted statistics to prove his point and his advice to the hon. minister from Saskatoon-Humboldt was very interesting. I must compliment the hon. member for Saskatoon-Humboldt for the very worthwhile and practical proposal which he espoused so effectively to his constituents in the election of 1968. I only hope he takes the advice of the right hon. member for Prince Albert and, instead of worrying too much about the people of Quebec and Ontario, impresses on his cabinet colleagues the seriousness of the situation in western Canada.

• (2:50 p.m.)

I felt sorry for the minister representing Saskatoon-Humboldt, because his reception at the Liberal party convention in Saskatchewan was not one that a Liberal minister might expect. Party members took strong objection to some of his remarks respecting proposed legislation and, more particularly, to statements about the white paper on taxation. It has been strongly stressed in this House that if legislation is based on the white paper in its present form, we shall see little to enhance the economic well being of those in western Canada. Although the minister is academically well qualified, he is a relative newcomer to the political field and ought to heed the advice of the hon. member for Prince Albert.

May I say that I support the position taken by the hon. member for Assiniboia who has just resumed his seat. I commend the stand he has taken in the House on several occasions when speaking on behalf of western farmers. While I hope he informs the minister representing Saskatoon-Humboldt of the needs of our prairie farmers, I nevertheless take exception to what he said about the right hon. member for Prince Albert with regard to passage of legislation similar to this. On a number of occasions in 1958 and 1959, when my party was in government, legislation which was to benefit not only western farmers but all the people of Canada as well was being discussed. On those occasions former members of the House like Senator Paul Martin, Mr. Chevrier and the hon. member, now a Senator, who represented the constituency of Assiniboia for the NDP put up the strongest possible opposition to the legislation and made every effort to prevent its passage. Nevertheless, we have agreed to co-operate with the government and to speed this bill through the House in order that this somewhat belated, but nevertheless reasonable, legislation may be instrumental in helping our hard-pressed farmers.

The government ought to adopt a suggestion that has been made many times in the House, particularly by members of the opposition, and provide an emergency acreage payment of at least $2 an acre, up to 400 acres. In the past, when this type of legislation has been enacted, the results have been beneficial in that the economic well-being of western farmers has been stimulated. That, in turn, has been reflected throughout the entire country.

Proposed Payments for 1969-70 Grain Crop

You will recall, Mr. Chairman, that in 1958 a situation similar to the one prevailing now obtained in western Canada. There was a major pile-up of grain on western farms. Not only farmers' bins and all elevators, but skating rinks as well were stocked to capacity with grain. Accordingly, a payment of $2 per acre was provided in 1958. In 1959 we had a major snow storm early in the fall, with the result that western farmers could not harvest their crops. A further acreage payment was provided at that time. Then, in 1961 we witnessed another of nature's vicissitudes when we experienced one of the worst droughts in Canada's history. A further acreage payment was provided, the total of the three acreage payments being altogether $325 million.

At present in western Canada there is want, so to speak, in a land of plenty. Our very successful farmers are sitting on huge grain surpluses for which there is no market. Those farmers have bills to pay which are almost double what they were 12 years ago. As a result of inflation in Canada, largely brought on by policies of the present government as well as by wage settlements that followed the Pearson formula, prices have risen to the extent that it costs a farmer double what it cost him 10 or 12 years ago to produce a bushel of grain. That is why I have suggested a payment of $2 an acre up to a maximum of 400 acres. The task force on agriculture recommended last spring that, in view of the pile-up of grain in the west, it would be better if we cut back on wheat growing or grain growing over the next ten years until the situation becomes stabilized. That may be good advice.

Nevertheless, it will be difficult for farmers to abandon crops yielding ready cash. To what will they turn? The raising of beef stock has been suggested. Also, it has been suggested that western farmers could raise pork as a temporary, emergency measure, in order to tide them overt these difficult times. Knowing something about the life cycle of pigs, I content that within a short period we should see over-production of pork. The long term answer to stabilizing our agricultural industry is for our farmers to diversify, and raise products like beef. Some say that if we do that, we should very soon see an overabundance of beef.

May I quote something that appeared in the Saskatchewan *Wheat Pool Farm News* of December 3. The document refers to a statement by Mr. Boyd Anderson, President of the Saskatchewan Stock Growers Association. I quote:

> Livestock producers in Saskatchewan have nothing to fear from over-production, according to the president of the Saskatchewan Stock Growers Association, Boyd Anderson.
>
> Mr. Anderson told delegates at the Saskatchewan Liberal Convention that the province could well afford a four or five per cent increase in livestock production. He said Saskatchewan's share of the market is small enough that no danger would be created.
>
> Northern Alberta farmers will receive financial aid from the provincial government to help those in need...

Apparently the Premier of Saskatchewan is so concerned about the serious conditions in Saskatchewan that he is prepared to provide, I think, about $3.5 million to assist farmers in developing livestock herds. It is all very well to ask farmers to switch over to cattle raising but, with prices being what they are, it still takes a minimum outlay of $10,000 to establish a farmer in this sort of operation. A farmer may have 10,000 or 15,000 bushels of grain on his farm, but it is difficult to convert the grain into cash. If the government wishes to help the agricultural industry to overcome its problems, it could do so by providing long term, low interest loans in addition to the types of loans being discussed today.

Many say that farmers ought to raise forage crops and that way raise the capital which will enable them to rear cows from calves. In any event, I suggest that the government should give very serious consideration to this problem. The provincial government of Saskatchewan has already demonstrated its interest, and its responsibility in this field is no lower than that of the federal government.

• (3:00 p.m.)

As everyone well knows, we must do everything we can for agriculture, the second major industry in this country, despite the fact that only 10 per cent of our population are directly, gainfully employed in it. There is no question that the economic well-being of this country is related to the welfare of the farmers. As I mentioned earlier, the pulp and paper industry is the major industry of this country, but agriculture is second in importance. Here is a great opportunity for the government to assist farmers to get back on their feet economically.

Another approach could be taken. We could insist that farmers reduce their acreage. As we know, farmers do everything they can to

help themselves; they are very resourceful and use their imagination and ingenuity at every turn. They took the advice of the task force and cut their acreage this spring by 10 or 12 per cent. They have had a good harvest but no sales, so they are in the same boat as they were in a year ago, as far as being economically viable is concerned.

It might be logical to suggest that we should have a premeditated, well organized plan of acreage reduction over the next ten years and that we should provide farmers with cash in this connection. It could be similar to the action taken a number of years ago in the United States when they found themselves in a surplus position and developed the land-bank principle. I think we could take the same approach, not so much by taking the acreage out of production but by having farmers into the livestock industry, which is viable.

I wish to stress once again an important fact that has been emphasized so often, that is, that we still have to put the main emphasis on the selling of grain. After all, there will still be large acreages of grains in the Regina plains and the major wheat growing areas of western Canada which will depend on the production of wheat, oats, barley and rapeseed. We will have to use imagination and resourcefulness to stimulate wheat sales. This matter has been discussed many times.

The International Grains Arrangement was the Magna Carta not only of Canadian farmers but of the farmers of the other wheat exporting nations of the world. We have been following with great interest the temporary lapse of the wheat agreement at Geneva in 1967 to see whether it can be put back on the rails. I hope that before too long the Minister of Industry, Trade and Commerce will make an optimistic statement in the House stating that this international agreement is now stabilized and there will be no more price-cutting.

Our problem over the last two years has been that every time Canada has had an opportunity to make a sale, a bid has been made through the Canadian Wheat Board; the bid has apparently been placed in the hands of our competitors, who have been undercutting us. As a result, every country but Canada has made sales. I have always emphasized that we should adopt long-term, low interest credit sales for wheat. I think the minister has now agreed that this is a good policy. We should make an extensive effort to look for new markets.

This brings me to a suggestion I intended to make to the Minister of Agriculture, Mr. Chairman, but I have not yet had the opportunity to do so. Recently I was in Port of Spain, Trinidad, as a Canadian delegate to the 15th Annual Conference of the Commonwealth Parliamentary Association. While there I met an industrialist with whom I had quite a lengthy visit. We discussed the economic situation in the West Indies and related it to Canada. We discussed the subject of wheat. The United States had got its foot in the door ahead of Canada and had established a milling company. It had provided the money and technological know-how for a flour mill, and followed through by selling wheat to the government of Trinidad in order to keep the flour mill operating. I found that the people in the West Indies have become so accustomed to using wheat in their bread industry that this mill provides only half the quantity of flour that is required. The result was that the people who own and operate the mill applied to double the capacity of the mill. They also wanted to increase the price of flour, but the government of Trinidad turned down the request.

I think if the Minister of Industry, Trade and Commerce was on the bit, he or his senior officials would go to Trinidad and arrange the financing of another mill in Trinidad or somewhere else in the West Indies. The information I have is that we could approximately double wheat sales to that area if this suggestion were adopted. It might only amount to four million or five million bushels the first year or two, but this is the type of action the government should be taking, not the approach it is now taking. The government should not follow the policy of the late C. D. Howe, that we grow the best wheat in the world and if they want it, let them come and get it. We are long past that stage. We are in a competitive world. There is no doubt in my mind that this is the area in which we must take an active approach in selling grain.

The right hon. member for Prince Albert was right on cue when he asked the Minister of Industry, Trade and Commerce what action the government was taking with respect to England's entry into the European Common Market. Here again we have a very serious situation for Canada. As is well known, over the years England has been one of our best customers for wheat. If they are absorbed into the European Common Market without some safeguards for Commonwealth countries, our trade with other Commonwealth countries

will suffer. I support the right hon. member for Prince Albert and emphasize the importance of the suggestion which he made this morning to the Minister of Industry, Trade and Commerce.

I could go on at great length, but I know the committee is interested in the passage of this bill and other hon. members want to contribute to the debate. With those few remarks, Mr. Chairman, I once again urge the government to take the advice offered by the opposition on this and other occasions and translate that advice into action.

[*Translation*]

Mr. Lessard (Lac-Saint-Jean): Mr. Chairman, I wish to contribute very briefly to the debate on Bill C-157, which will authorize the Canadian Wheat Board to make provisional payments to farmers who suffered from bad weather last fall.

If the information which I could collect in the press is accurate, it would seem that following snowstorms which swept down over the northern areas of the Prairies, close to 8 million acres where crops were ready to be harvested have been buried under snow, so that those crops will be recuperated next spring only.

The farmers who must suffer that loss are surely entitled to receive from their fellow Canadians and the House of Commons as well necessary assistance to cope with their financial difficulties.

Bill C-157 now before the House will certainly be passed rapidly, because it seems to meet with unanimous acceptance of members. I think it would have been unfortunate if no spokesman for the East had supported the bill.

We heard some members say that representatives from eastern Canada were not too much interested in nor knew of the problems of western farmers. To a certain extent, it may be true that we are not aware of all the details, but I think the problems of western farmers resemble those that exist in the East, and I thought it advisable to take part in the debate, because I wanted to make our friends in the west understand that we are sincerely prepared to seek solutions, even temporary ones, to their difficulties, because we rely on their support and their understanding in the consideration and application of solutions to the problems of farmers in eastern Canada who are also numerous.

The Minister of Agriculture has recently announced that he will have to reduce the dairy price support. It will not be easy to make the eastern dairy producers recognize the merits of that bill. But we must understand that we are now in a period of adjustment where production must adjust to consumption.

We have had for several years in Canada some surplus of wheat and feed grain. We have a surplus of dairy products, potatoes and many other products and the problem must be solved.

It is believed that soon the government will introduce a bill to create a new marketing body, a commission whose responsibility will be to control the production of eggs, for instance. Attempts are thus being made to straighten out agriculture in Canada.

Certain aspects of this bill leave me somewhat confused. It seems that no accurate figure has been given on the cost of establishing this commission.

When the minister speaks at the end of the debate, I would like him to say exactly how much money will be paid to farmers who will take advantage of this act, and to determine the term and the cost of these loans, since the government will have to pay interest to the Canadian Wheat Board because the bill only guarantees the loans which the Board will have to secure in order to make cash loans to farmers.

Studying the bill more closely, I would be inclined to think that the term of the loans will be about six months or a year.

In view of the number of acres under cultivation which seem to have been affected, and the production that this represents, it can be anticipated that $100 million will be advanced this way to farmers.

I can easily make a mistake, because on paper the forecasts as written down are not very accurate. If such is the case, this would mean that the government would have to pay between $8 to $10 million in interest, for the application of this legislation.

In short, if those figures are true, I would like the minister, when he rises at the end of this debate, to tell us in the most accurate way, even if this might prove to be difficult, how many farmers will avail themselves of the advantages of this legislation, and to what extent their production will have been affected. Under the act, a provisional payment made to a producer should not exceed $3,000. How many farmers will apply and how many of them for the maximum amount of $3,000? These are so many questions we cannot

answer at the moment. However, I would like the minister to give us some indications.

As for us, the eastern members, we stand by the government and the western farmers and we support this legislation which is only a temporary remedy, as we know, because it is not a permanent solution. We have much sympathy for the western farmers who have been facing major difficulties for several years.

If we are prepared to study their problems with sympathy, we want them to understand that the eastern farmers are also in a serious situation and that the government will also have to allocate some amounts of money to the eastern farmers as is done for the western farmers, and this is, in my opinion, quite justified.

• (3:10 p.m.)

[*English*]

Mr. Skoberg: Mr. Chairman, I am sure we are all pleased to see provision made for cash advances in respect of unthreshed grain. Most of us realize that in our society today the so-called iron horses we use today are unlike the horses of yesteryear, to the extent that they must be fed with fuel which has to be paid for in cash. Cash must be provided if the oil dealer and the machinery supplier are to be paid. The Minister without Portfolio must be well aware that in the west today many fuel suppliers and machinery dealers are living in a state of near-bankruptcy, if they have not already gone bankrupt. Only through federal channels can provision be made for their remaining a viable part of our economy.

I was interested to learn that a week or so ago the hon. member for Assiniboia was addressing a Liberal convention in Saskatoon. I suppose that is a good place to address a Liberal convention. He referred to the opposition on that occasion as being "oddballs and screwballs". I can assure him that the only oddballs and screwballs are those who form the government of this country, which has screwed things up completely for the agricultural economy. The hon. member should realize that all the oddballs and screwballs happen to be on his side of the House. Let him read *Hansard* and pay attention to the recommendations which have been put forward by members of all the opposition parties in an attempt to spur the government into action to keep agriculture alive in this day and age.

Somewhere along the line we must recognize that agriculture is the basic industry of Canada and we must act accordingly. The hon. member who has just spoken said he was pleased to support this bill, but he seemed in doubt as to whether or not it constituted a handout. I assure the hon. member that there is no handout and agriculture is a most important part of our industry and if Canada is to develop as it should, this fact must be recognized.

Not long ago one of the members on the government side, a former mayor of Toronto, appeared to be perturbed that so much of our time in the House of Commons was taken up in discussing wheat. He referred to the fact that 80 per cent of our people live in large urban centres. Well, if it was not for the 20 per cent located in rural areas, the 80 per cent in the urban centres would not exist.

Facts we have had before us show that 40 per cent of all Canadians are connected either directly or indirectly with agriculture. If this is not realized, and if proper steps are not taken to keep the industry in a viable state, the 80 per cent of our population who live in the cities will find themselves in a serious situation. We all know that the majority of our trucks and tractors are manufactured in eastern Canada. It will not be long before the economic setbacks experienced by farmers in the west have their effect on production in eastern Canada. It is only through legislation of this House can anything comprehensive be achieved as far as the protection of our basic industry is concerned.

We in Saskatchewan have heard some very irresponsible statements from the Saskatchewan Liberal government. Members of that government have made direct charges against the Canadian Wheat Board. I am pleased to note that the hon. member for Saskatoon-Humboldt does not agree with those charges or with the premier of that province.

• (3:20 p.m.)

I should like to associate myself with the Minister without Portfolio from Saskatoon-Humboldt in his charge against the premier of Saskatchewan, who has tried to blame the Canadian Wheat Board for some of the problems we are now facing. I suggest that if the federal government were to take issue with the Canadian Wheat Board, nobody connected with agriculture from western Canada, or anywhere else for that matter, would be elected to the House of Commons. The Canadian Wheat Board is the only body in this country in which we can put our faith. I

have no hesitation in saying that it is doing a good job, and will continue to do so if only we give the Board the tools to do the job and have confidence in it. We should give the Board the personnel it requires to go out into the world and sell our grain.

I should like to say something about the cost of grain handling, a problem directly associated with the legislation before us. I suggest that some of the money we are providing under this bill could have been in the farmers' pockets if an over-all look had been taken at the system of grain handling at the ports. I understand it costs 17 cents a bushel to handle grain at terminal elevators. I also understand the charge is 3¾ cents a bushel at on-the-line delivery points, plus some additional handling costs.

In the reply that I hope the Minister without Portfolio will give today I would like him to tell the committee whether he will initiate an investigation into grain handling costs, because grain handling does cost agricultural producers a tremendous amount of money. If a complete investigation of our grain handling system is made, the farmer may be able to obtain a few more cents on the bushel. In my opinion, the middlemen are receiving far too much of the producers' income. I suggest that the initiation of such an investigation would help correct this serious situation.

Another point that was made in the House by my colleague the hon. member for Regina-Lake Centre and others relates to the use of terminal elevators at Vancouver. I should like to refer to one elevator, which I think could be called a private elevator, owned by the Cargill Grain Company of Baie Comeau, which we visited during the recent trip by the Standing Committee on Transport and Communications. We found the elevator about half filled, and I am wondering whether the grain handling facilities now being used at Vancouver to handle rapeseed, flax, or whatever it is, are being fully utilized. This is another reason we should study our grain handling methods. Until this is done we cannot expect agricultural producers to have confidence in this government.

Cash advances are not really the answer, because they are really putting many of our agricultural producers in their graves. What we need is an effective program to sell grain, as I am sure the minister appreciates. We must ensure that the farmer receives a fair return on his cost of production. Many times we have suggested that consideration should be given to farmers who store grain on the farm. Surely it is not asking too much for the government to bring in a bill similar to this one to provide compensation to farmers for grain stored on the farm. The government relies on the producers to provide the grain for the export markets. Whether this grain is stored in terminal elevators or at delivery points is not really the issue. Grain is stored in bins on farms, but the farmers of western Canada are finding it increasingly difficult to raise the money to construct storage bins in which to keep the grain under cover.

The government must recognize that production of grain is a basic industry in this country. The government has responsibility for selling this grain on overseas markets. If the government is not prepared to recognize this fact, the farmers cannot be expected to have confidence in the legislation the government brings forward.

Another matter that was raised not too long ago, and about which a letter was written to the minister, relates to clause 5 of this bill, which deals with payments made to joint producers. In a letter dated October 10, addressed to the Minister of Agriculture, which was answered on November 25 by the minister in charge of the Canadian Wheat Board, I referred to the man who owned two sections of land and had rented a quarter section of other land; if the landlord refused to sign the permit book, the owner of the two sections of land could not receive one nickel by way of a cash advance payment.

In my letter to the minister I stated that I thought it might be possible to implement a regulation that would give protection and at the same time provide the owner of the land with cash which would allow him to rent extra land parcels and make his unit economic and viable. Although the producer could not afford to buy extra land at today's prices, he might be able to rent it. But by so doing he would disbar himself from receiving a cash advance. The answer I received from the Minister without Portfolio, regarding the difficulty experienced in obtaining cash advances, reads as follows:

> The difficulties you referred to arise, of course, from the necessity for applications from joint producers to bear the signatures of all interested parties. This is a problem which has cropped up over the years since the inception of the Prairie Grain Advance Payments Act in 1957. Unfortunately the problem cannot be resolved merely by a change in regulations of the Act. In each of the prairie provinces there is legislation governing the sale of grain in which more than one individual has an interest. Because of this legislation it is

essential that applications for cash advances bear the signatures of both the landlord and the tenant or any other interested parties.

He concluded with these words:

Until such time as the provincial legislation may be altered, this requirement will therefore continue to be necessary.

I bring this matter once again to the attention of the committee to underline the fact that the government of the province of Saskatchewan would like to lay all the blame for this situation at the feet of the federal government and the opposition members of this House, and not accept any of the responsibility as their own.

If the facts stated in this letter are correct—and I presume they are, otherwise the minister would not have written it—and provincial legislation does prevent producers taking advantage of cash advance payments of the type now being proposed, I suggest the federal and provincial governments get together and implement legislation or regulations to obviate this situation. It is not a case of just a few people being affected. I know of hundreds of cases where signatures cannot be obtained on permit books because people are out of the country. People seem to be frightened of this type of government legislation and will not sign the permit books. As a result, people who really need cash cannot obtain one nickel. I urge the Minister without Portfolio to communicate with the appropriate minister in Saskatchewan with a view to doing something to alleviate the situation confronting these farmers at the present time.

Mr. Benjamin: They don't speak to each other.

Mr. Skoberg: My hon. friend from Regina-Lake Centre says that they are not speaking to each other, and I think he is correct. Many theories have been developed on the subject of diversification of farming operations—about what farmers in the west can do to get themselves out of a situation for which they are not really responsible. People who have no knowledge of agriculture are asking the farmers why they do not diversify their operations. When you ask the government how the farmers should diversify, you are met with absolute silence. The government does not know how they should diversify.

• (3:30 p.m.)

When these people go to the government and ask whether they should grow another type of crop, in many cases the answer is that the land is not suitable for anything but grain. At least this is an answer, but it is not good enough. The government should take the initiative and tell the country which way it should move in so far as agricultural production is concerned. I am sure the people of the west are the most capable producers in this country. Agricultural people in general are quite prepared to accept advice if it is given to them in true and acceptable terms.

Not too long ago, Mr. Chairman—and you may not have heard this story—a federal minister went to Saskatchewan when there was a wheat surplus and suggested that the farmers grow trees. I do not know how he thought they would exist while these fir trees were being grown. This, however, was the suggestion made by a minister a few years ago to the agricultural people of western Canada.

There is another matter which should be looked into. Many departments of government are attempting to deal with this subject. An article appeared in the *Globe and Mail* of November 14, 1969, under the heading "Secretariat to form grains policy expected". The article refers to the fact that the Minister of Agriculture and the Minister of Industry, Trade and Commerce are at variance concerning what the situation should be in respect of grain production. It refers to the rivalry between the grains divisions of the two departments. One paragraph in this article reads as follows:

Rivalry between the grains division of these two departments has retarded development of an over-all grains policy, and the creation of the secretariat is seen as an attempt to circumvent this.

I hope they will now realize there is still a need to have one department in charge of one facet of our economy, namely, agriculture. I hope the Minister without Portfolio, the Minister of Industry, Trade and Commerce and the Minister of Agriculture will work together, rather than apart, and that they will not try to pass the responsibility back and forth. I believe they should tell the people of this country where the government stands in respect of an agricultural program.

I have a large book upstairs. I am sure I will never have sufficient time to read all of it. I am not sure whether the agricultural producers in the rural areas of Canada, either east or west, will have time to read it or will even receive a copy of it. They may not even receive a news release in respect of it. Even the newspapers do not have all the inside information necessary to put them in the

position of knowing positively the program of this government.

In a matter concerning a most important facet of our economy, such as agriculture, I would suggest to the government that it make available to the newspapers all the research, reports and consultant material at its disposal, so that farmers will know what the government is doing. It is impossible to expect any true type of program to evolve from the mish-mash we now have. If the government is sincere in trying to co-ordinate its activities, I believe it still should consider the appointment of a transport controller. It is impossible to solve the problem when three ministers, the Minister without Portfolio, the Minister of Agriculture and the Minister of Transport to all be involved in the movement of grain. If, as the Minister without Portfolio suggests, the Canadian Wheat Board is to perform the function of transport controller, we are giving them an added responsibility in trying to move grain rather than sell it. The movement and sale of grain represent two different avenues of approach in agriculture.

I ask the minister to realize it is very important that there be appointed a transport controller who would be directly responsible for the block system of movement of grain. Such a person would be able to see that it is moved and we would not have a situation similar to that of last year, when the elevators were full of grain which was required at Vancouver and the ships were leaving that port without grain to the detriment of the prairie farmers. I believe that only through a co-ordinated action can we hope to evolve a satisfactory situation.

I would like to see this bill pass today, and I realize that other members wish to speak. In conclusion, I should like to ask the Minister without Portfolio to tell this House whether he is prepared to initiate an investigation into the complete cost of handling grain. I believe money is being taken from the pockets of the farmers and that only by such an investigation can the farmers have confidence in any agricultural legislation which may come before this House.

Mr. Baldwin: Mr. Chairman, just as I was coming into the House at two o'clock I found myself in possession of a document entitled "Announcement re the establishment of a grains group under the honourable Otto E. Lang".

Some hon. Members: Hear, hear.

[Mr. Skoberg.]

Mr. Baldwin: I am glad hon. gentlemen opposite have at last found something they can applaud. This is a shocking example of the contempt which this government has for Parliament.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Baldwin: On a day when he knew he would be introducing in this House a bill dealing with the question of cash advances on unthreshed grain, the minister called a press conference at 9.30 in the morning to which he invited those members of the press whom he thought might wish to attend. There he made this announcement. The minister knew he would be criticized and that the criticism would be justified, not because of this bill but because it does not accomplish what the farming community is entitled to expect from the government. In the knowledge that what the farmers want will not be forthcoming, and to divert the thunder and lightning of righteous indignation, the minister called a press conference and released a statement. He did not come into the House of Commons to make a statement on motions. This is just another shocking example of the way in which this government views the House of Commons and its operations.

I might well have risen on a point of privilege but we have not been doing too well on that score; therefore I thought it proper to bring this matter to the attention of the House so that even members on the government side will give the minister the reprimand he might expect. This is a very fascinating document. Five times during the course of this three-page document there is reference to "the group". It is like a musical group, Mr. Chairman. It is like a commercial in which one makes sure he gets the utmost usage of the words. We find that the group will provide a focus of effort. We find that it is now in operation. Then we see that it is to provide a focus for the development of policies and programs for the grain industry. Then we see the words, "I will act as chairman of the grains group". Again we find: "I have emphasized my role and the role of the grains group". The word "focus" appears four times.

I had a little time in which to look up the meaning of the word "focus". A good dictionary definition is "the point at which rays of light meet after reflection." I can visualize the minister meeting all his little rays of light after years of reflection and just before an

election saying, "We have met and considered". Then the hon. gentleman would probably publish another action letter such as the one to which my right hon. friend from Prince Albert referred in his speech earlier today. The fascinating thing is that there is more than one group. There is a grains council now meeting. It was intended that this body would make recommendations to the government.

• (3:40 p.m.)

An agricultural task force is meeting and considering these problems, and it will be making recommendations. Apparently the group under the hon. gentleman will hear representations, will ponder and reflect on them, and probably years from now the group will come to some decision. The minister does not need a group. He has been hearing from the group on this side of the House precisely what are the things which need to be done, how they can be done and when they should be done. I suggest that this new group represents just another procrastination. This government is planning task force upon task force, group upon group, procrastination and delay. This is the kind of thing which in western Canada has become the byword of this government, and I am sure the minister found that out on a recent occasion in Saskatchewan at a meeting of those few Liberals in the province who are still bold enough to admit they carry that title.

Mr. McGrath: It takes real courage.

Mr. Baldwin: It has been said that this is not bad legislation. We have been asking for it, among other things. The minister himself said today in his speech that the farmers' record of repayment is excellent. I confirm that. The minister said that the bill does not add to the expenditures of the government except in a minimal way. I think the hon. member for Gaspé had some doubts about this legislation. He should have listened to the minister who said that this measure will cost the government only a small amount of money.

Although there are one or two questions which we will want to ask when we come to the appropriate clause, let me state in general that this bill does not meet the needs and demands of areas such as my constituency and many areas of northern Alberta and northern Saskatchewan. The Minister of Agriculture ventured into the Peace River country some two weeks ago on a 1½ or two-day trip. He stopped at a number of points for a few minutes and listened to representations by farmers, businessmen and farm organizations.

There is no excuse for this government saying it is not aware of the problems in northern Alberta. In 1965, because of difficult conditions such as too much rain at the wrong time and frost which came too early, the crop was almost a complete disaster. At that time I made representations to the then minister of agriculture, now the Minister of Energy, Mines and Resources, who was good enough to indicate that he was interested in the problem. I asked him what he could do about it. The provincial government intimated it would be prepared to make some expenditures and it offered some money to the farmers. I asked the minister, "Are you prepared to make arrangements for compensation to be made available to these people?"

The minister went to the then minister of finance, now the Secretary of State for External Affairs, who said "No", just as he said "No" earlier this year to the people of Biafra. In 1967 we had the worst drought in the history of the northern part of the country. In 1968 the quality of the crop was very bad because of early frost, and in 1969 we also have problems. I say to the committee that a great many farmers in that area will not be able to survive this winter. A few weeks ago there was no hope of harvesting a million acres in the Peace River country alone. Since then I have heard stories concerning damage done by fieldmice which are depreciating the quality of the grain which is left there.

If it is the intention of the government, as I suspect it is, to try to shove farmers off the land, do nothing to help them and push them into the cities to add to the problems of urban dwellers, increasing the pressure on housing and adding to the problems of the already crowded cities, they are going about it in the right way. This is precisely the feeling we have in the north country regarding the intentions of this government. In fact it is saying, "Get off the land; go into the cities and be looked after there." This is not the time and place to argue about the stupidity of such a policy, but I think we can all agree that it is stupid.

What can be done? We have heard suggestions from different parts of the House. I support some of them, and I have other suggestions. Today I introduced a private member's public bill on amendments to the Farmers' Creditors Arrangement Act. The amount of money which will be available under this

legislation will not be enough in many instances to do more than pay interest charges on land and machinery, to pay for fuel, harvesting and seeding in the spring, or to pay taxes; far less will it maintain in a very limited way the farmer and his family during the summer, the ensuing winter and until next harvest.

In order for most of these people to be retained on the land as good and effective producers, cash payments must be given to them and some arrangement made to protect them against debt. I challenged the Minister of Agriculture on this earlier and he said the federal government had no jurisdiction in the matter. That is not a correct statement of fact. Jurisdiction in this regard does lie with the federal government. In 1934, under the Conservative government, the Farmers' Creditors Arrangement Act was passed. It provided for the reduction of debts to a point where it was possible for farmers to meet them when payment fell due. It provided for the reduction of interest rates and for orderly payment over a period of time.

The private members' public bill which I introduced today provides for that program and it provides that the government may introduce it in areas in which it is required. I know there are many instances today where foreclosure action is being commenced, although it is not as widespread as may be the case later because I think there are creditors who have a conscience and take a reasonable approach to the problem. But I know that a number of seizures of machinery and equipment are being made by finance companies, and there are a number of related actions.

The effect is that the court costs and the interest involved which the farmer will have to cover will minimize the payments envisaged under the act so that they will not do the farmer any good. He will be faced with an increased amount of debt and will be unable to meet his obligations when they fall due. So the government must be prepared, if necessary in collaboration with provincial governments, to say to the creditors who are making exorbitant and unconscionable demands in attempting to extract from farmers payments which they cannot make, "If you insist on this action, we have the right, through the exercise of such legislative proposals as the Farmers' Creditors Arrangement Act, to stop it." I think the government will not be accepting its responsibility if it is not prepared to do that.

[Mr. Baldwin.]

Second, acreage payments must be made to farmers. What is being given by this bill is not a gift; it is simply an advance on what farmers will receive in any event. The minister said it will not cost the government anything. I suggest that some arrangement in this regard must be made in collaboration with the provincial governments. I understand that the provincial government in Alberta indicated its willingness to negotiate in this respect and I would like the minister to find out whether that is correct. Acreage payments must be made. They are by reason of previous experience. The Conservative government under the leadership of the right hon. member for Prince Albert did this on two or three occasions, and it was very effective and useful.

• (3:50 p.m.)

Third, some arrangement must be made for the payment of storage on farm-stored grain. In certain instances, with the elevators filled, I say that the licence to operate elevators is simply, as Lord Thomson said about television, a licence to print and make money. There is a good case to be made for doing this under careful scrutiny, because we must bear in mind some of the difficult experiences in the United States with payments to some farmers there for farm-stored grain.

This morning I asked a question of the Minister of Finance, who has been busy going around the country defending the undefendable white paper. I referred to a statement made by the Purchasing Management Association of Canada, that 60 per cent of the businesses surveyed expected higher prices and production levels in 1970. What chance has a farmer living in the northern part of Alberta or Saskatchewan, under the circumstances I have described, to make a living and survive?

There must be protection. There must be an opportunity for these people to be kept on the land, to become effective, useful, good producers. That would be better than to have them yanked off their land and pushed into cities, in many cases to be the object of welfare payments and assistance at a cost infinitely greater than would be the cost of keeping them on the land as potential producers.

I suggest to the government that it has not looked at the situation in western Canada. It has no conscience. It does not understand, and does not want to understand, the problems there. The government must understand it has a responsibility to deal with them. This may be one of the measures by which history

will judge the government, that is, the extent to which it meets the crisis which exists.

Mr. Moore: Mr. Chairman, my purpose in speaking on this bill is not to criticize it but only to point out that it is not a cure-all for the present situation. Certainly the bill is necessary to provide some temporary relief for a critical situation, a situation so critical that I make no apology if I use some of the arguments that have already been used by my colleagues; some of them bear repeating.

What is this critical situation, Mr. Chairman, especially in the northern part of the prairie provinces? I have seen this situation myself, so I think I know whereof I speak. Some crops are ten inches under snow, following rains which made the fields too wet to use heavy harvesting machinery. I have seen places where the grain itself was comparatively dry but a combine was stuck before it got nicely started.

I am sure many hon. members saw the picture on the front page of the Montreal *Gazette* the other day showing nine combines, in a field north of Calgary, harvesting wheat in December. At first glance that is a wonderful thing that combining is being done, but I point out that north of Calgary is not northern or central Alberta or northern Saskatchewan. This was an isolated case, and the government should not have too much hope that the problem will disappear. The combining to which I refer was probably carried out on high, sandy land and only points out what conditions have been like up to this time, because such a field north of Calgary should have been harvested months ago.

I saw combines taken into a field last fall when the ground was drying, but the moisture content of the grain was over 20 per cent and the people concerned were afraid it would not keep. Many farmers, knowing that wheat sales were lost last year, and especially barley sales, would like to know what hope there is for selling their wheat in future. What hope have the farmers of repaying these cash advances? Who knows what further deterioration will take place in the grain during the winter? Losses will occur from mice, sprouting, discoloration, threshing out, and lowering of grades, to mention just a few causes. What if we have a wet spring, or a late spring? What if we have both? What will be the bushel per acre quota? How much grain can the market absorb? Markets are the long-range solution, but what is wrong with acreage payments? Would not this be an equitable method of getting capital to a basic industry that is now fighting for survival?

There has been talk of diversification but there has been no direction from the government as to the type of diversification in which farmers should engage. Are farmers to switch to dairying? Certainly we have a surplus of dairy production in eastern Canada. We do not have a surplus in western Canada, yet farmers out there know that the subsidy quotas given to eastern dairymen were originally western quotas. As recently as November 18 last the Minister of Agriculture announced cut-backs in dairy supports. Are farmers going to switch to hog production? It does not take very long to start a hog operation, but what may be the result? The bottom can fall out of the market in a hurry. Remember, there is also going to be a reduction in hog premiums.

What about cattle? As has already been said this afternoon, no switch can be made to beef cattle. It takes years to increase cattle herds to any great extent. What about eggs? We need not spend long on that subject because egg marketing for profit has in most cases always been hopeless in western Canada.

Again speaking of acreage payments, Mr. Chairman, the government seems worried about the cost involved. I believe the hon. member for Lac-Saint-Jean mentioned this factor. But this is a little difficult to explain to farmers, especially those in areas where crops cannot be harvested. It is difficult to explain to them how the government can find hundreds of millions of dollars to spend on writing off the Expo debt—I might say, at a time when grants to small agricultural fairs are to be curtailed—on hydrofoils, on the *Bonaventure,* on the CBC, and $40 million for an arts centre serving one city, but no money is available to save a basic industry in time of emergency. All the farmers can look forward to is greater tax burdens, one piled on top of the other.

The proposed centralization of the grain collecting system, about which my colleague the hon. member for Peace River spoke so well, may solve some problems; but it will not solve the problems of the growers. It may even cost them more for hauling. The hon. member for Assiniboia, whom I hope is a good friend of mine, read some figures into the record on grain sales during the eras of different governments. This was supposed to pertain to the problem under discussion today. I think he should point out to the

government that it should be worrying about next year's figures, and as a footnote, Mr. Chairman, it should be concerned about the businessman whose very survival in business depends on the farm economy in this part of the country.

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

Mr. Moore: Certainly.

Mr. Osler: With regard to the long string of expenditures which the hon. member listed, would he also list how many of them are current expenditures and how many are past expenditures which this government had nothing to do with?

Mr. Moore: I think they were a very good indication of the outlook of the government. If they have spent this much money in the past, I am quite sure they will spend as much in the future, although I do not think the Prime Minister, the Secretary of State and the Minister of Regional Economic Development—

Mr. Osler: I have my answer, thank you.

Mr. Moore: I will enlarge on it. I do not think they are cutting back on their office staffs at the present time and saving money.

• (4:00 p.m.)

Mr. Lundrigan: Mr. Chairman, could I ask a question?

Mr. Moore: Yes.

Mr. Lundrigan: I wonder whether the hon. member could tell me how many assistants and executive types are working in the Prime Minister's office.

Some hon. Members: Oh, oh.

Mr. Mazankowski: Mr. Chairman, it is not my duty nor my intention to unduly delay the passage of this bill, but when we look over the Throne Speech we find very little opportunity to voice our opinions on the crisis in agriculture and particularly the economic plight of the west. When we look at the list of proposed legislation we see very little to come before the House of Commons to deal with the serious situation which exists with respect to agriculture in western Canada.

Let me say at the outset that I am in favour of the proposal before us but I am not particularly happy with it. I am not happy with it because it is merely a stopgap measure designed to take the heat off the government rather than to assist western agriculture. I am not happy with it because it does not get to the root of the problems besetting the whole economy of the west, and in particular the economy of the great agricultural industry. The measure does nothing to solve the desperate shortage of feed, straw, roughage and hay in the northern part of the province of Alberta. Many farmers have already been forced to dispose of herds because of lack of feed and lack of money with which to purchase feed for the winter. There is nothing in the measure to provide for the actual losses that will occur due to the grain lying out in the field during the winter; there is nothing in it to allow for deterioration in the grade.

The Prairie Farm Assistance Act is rather outdated, outmoded and has become a practically useless tool which is simply adding to the cost of production. The present crop insurance program is not proving to be very effective. As a matter of fact, I think if one took a survey of the average farmer in western Canada, one would find that there is a great deal of indifference toward the administration of that program and, above all, some people feel it adds greatly to the cost of production of a commodity which is declining in value under this administration.

Added to the adversities of weather, marketing, etc., is the daily struggle to get by, and now a cut-back in dairy subsidies and a reallocation of quotas has been announced, causing another slap in the face to the economy of western farmers. These are the people who actually put the bread and butter on the table.

It is true that a more generous scale of advances for farm-stored grain, whether in the bin or still in the field, are necessary and will help to banish the grim shadow of debt and bankruptcy presently lying across so many prairie grain producers. At the same time, it will tend to lock the western grain producer into a system that all the experts and members of this government keep telling him is wrong and is the basis of all his economic woe. What does a more generous scale of economic advances really mean? It means that the farmer will be able to pay off some of his debt to the fertilizer company, the farm machinery dealer, the oil and gas dealer and all those concerned with the agricultural business and maintenance of his farm. It will probably place him in a position in which he can keep going for another year even though

he will still be operating in debt without much prospect of significantly improving his economic status.

Unlike the CNR, the farmer does not have the opportunity of coming to Parliament and asking for millions of dollars to maintain his operation. The government will do nothing to relieve him of the economic cycle that is slowly but surely driving him off the land, out of a once flourishing agricultural community and into the city where he will add to the numerous unskilled labourers already there. This morning we received the latest news summary from the Department of Agriculture, which reports a grim situation. The summary is dated December 5, and states:

> Agricultural economists say that total cash receipts will be down about $100 million this year, but expenses will be up 3.5 per cent.
>
> That means that realized net farm income, will be down about 10 per cent from last year to $1,425 million with the tightest pinch being felt in Saskatchewan where the dependence on grain crops is greatest.

Despite the optimism of the hon. member for Assiniboia about the future of the wheat marketing picture, the Department of Agriculture suggests that the outlook continues to be grim, because it states:

> The surplus will continue to grow, pushed upward by this year's 685 million bushel crop. At the end of the crop year on July 31, 1970, we'll have more than a billion bushels of wheat on hand, setting a record.

I have spoken before in this House about what I believe to be the considered policy of this government—the writing off of all Canadians who seek to remain small economic units and preserve the family farm. I have also mentioned before that I believe it is the policy of this government to deliberately let Canadian agriculture go to pot as an industry and to destroy our rural way of life.

The Canadian agricultural community has been declared surplus and expendable by this government. This is made amply clear by its lack of a national agricultural policy, the legislation passed last session in relation to estate taxation and now, even more clearly, in the policies on taxation proposed in the white paper of the Minister of Finance.

I suppose this explains why we have had no comprehensive, long-range, practical plan from the government to convert Canadian agriculture into a strong, competitive industry in step with world conditions now prevailing. This is why we in western Canada are being forced to experience the slow and painful death of agriculture and the end of a way of life. Every measure so far advanced by this government in relation to agriculture, including the one we are now considering, has been an emergency measure to quieten the western cries of protest. There has been a stubborn refusal to act by all the ministers concerned, including the Prime Minister.

I suggest that we must first resolve to preserve the agricultural industry as a vital and necessary part of Canadian society and as an essential sector of the Canadian economy. Once this has been resolved, the next step should be to relate Canadian agricultural production to the domestic and export markets as they exist today, not as they existed years ago when most of our basic agricultural legislation was designed. I think, for instance, that we should completely and radically re-think and re-do our machinery for distributing and marketing. I had the opportunity to attend the United Nations a week ago and whilst there discussed the situation with many of the ambassadors from other parts of the world who are also gravely concerned about wheat marketing. It was suggested that we must revamp our system of grading, and I am very pleased to learn of the proposed amendments to the grain act so that we can be flexible in this regard. Our becoming flexible means that we shall become more competitive, but that will not improve the situation of our farmers financially.

• (4:10 p.m.)

I also think we should take a long-term, comprehensive look at the idea of storing our grain in the countries to whom we sell. It seems that some countries have lost confidence in Canada's ability to distribute the grain that has been sold. We have ample evidence of the loss of confidence which resulted from the bottleneck crisis we experienced last year in Vancouver. Any changes that are instituted should be approached on a truly national basis by considering the public good to be achieved by tying together modern forms of transportation and merchandising and marketing to the sophisticated and ultra-modern techniques which have become commonplace on today's farms.

I, too, would like to see the minister launch an investigation into the costs of handling and distributing grain. A number of hon. members touched on this subject, which is worthy of consideration. Certainly, scientific farming in Canada is a reality. We are in the forefront of developments and our techniques have been advancing rapidly over the years.

It is only when the produce leaves the farm that we step back almost a century and employ archaic and outmoded methods and equipment.

Looking back, I find it rather strange that 25 years ago we used to haul grain from the farm on which I was born by means of a 60-bushel grain-box drawn by two horses. All the machinery we used was horse-drawn. Today, although we have modern machinery and modern methods of transporting our grain, we still deliver the grain to the elevator to which we delivered 25 years ago. The distributing and handling techniques have not changed one iota over the years. If we wish to streamline and upgrade the efficiency of our grain handling techniques, I suggest that we begin by examining distribution and handling techniques at elevators. Costs could be cut there. When one analyses our present system of handling and distributing one will see that it is absurd—almost as absurd as attempting to instal a computor in a Model T Ford chassis.

There are conflicting views about measures such as acreage payments, and hardly a day goes by without someone giving his views or advice on this subject. One thing can be said about acreage payments in relation to cash advances on farm-stored grain: acreage payments would not lock a farmer into a pattern where all the cash he receives trickles away immediately to pay for inputs, which can only result in perpetuating and expanding the conditions that first caused the trouble. Acreage payments can be made very flexible from season to season or year to year. They could also provide the necessary freedom for a farmer to switch from one crop to another, to reduce his output of a product in slow demand in favour of another in short supply or to enable him to get out of farm production altogether.

As some hon. members have pointed out, we have assisted other great industries of this country—the automobile industry, the oil industry and the mining industry. Therefore, for the life of me I cannot see why we should not bail out an industry that is so vital not only to western Canada but to Canada as a whole. Because of the slowdown in the farm sector, combine manufacturers in Canada have laid off employees. The result has been that the economy of western Canada has lagged. I am suggesting that this government should try to cure the problem and not merely prolong its life.

[Mr. Mazankowski.]

For one reason or another the western grain producer has been encouraged over the years to concentrate on the production of grain. He has been told to expand his grain acreage so that we can feed the hungry peoples of the world. Now conditions in the world have changed and world markets have demonstrated inadequacies of our system of distribution and marketing. At present we have huge amounts of unsold grain. Although the hon. member for Assiniboia suggested that one should not look only at percentages when considering world markets, I submit he should have listened to the right hon. member for Prince Albert, who said we are not penetrating existing markets and obtaining our fair percentage of existing international markets.

The western farmer, in short, has been told that he has acted incorrectly. He is blamed for his present troubles and is told by the government and various experts that he should stop farming grain and produce something else. Everyone knows how much it costs a manufacturer to re-tool when he wishes to produce a new model, let alone diversify and manufacture a new product. How is the western farm to re-tool, so to speak, and produce beef instead of grain, or go into dairy farming, when he has neither the expertise nor the capital to do so? Why is the farmer not receiving the advice and assistance of the Department of Agriculture in this regard? Has the department suffered because of the government's austerity program? Perhaps the entire department will be written off in the austerity drive and the staffs of the Prime Minister or the Secretary of State will be built up.

Mr. Osler: Would the hon. member permit a question?

Mr. Mazankowski: After I have finished, if the hon. member does not mind. If the government is serious about stimulating agricultural production, let us see some evidence of plans to provide long-term assistance and guidance, because to allow things to drift along from one inadequate emergency measure to another is simply to doom Canadian agriculture to gradual extinction. If this is the government's intention, let it be honest enough to admit it; It could then perhaps justify to the Canadian public this fundamental economic upheaval. Let us pass this measure by all means, Mr. Chairman, but let us at the same time resolve to build a practical and meaningful agricultural policy for Canada.

Mr. Osler: Would the hon. member permit a question? Has he any idea how many people are employed on the Prime Minister's staff? If so, will he tell us?

Mr. Mazankowski: About 71 or 72—twice as many as was the case.

Mr. Osler: Mr. Chairman, I do not know where the hon. member obtained his information, because it does not agree with the information I have.

Mr. Dinsdale: Mr. Chairman, I am sure the House is fully aware that western agriculture, in particular, faces a major crisis. We have taken the most unusual step in this debate today of proceeding on all stages of the bill with a minimum of discussion. We have done this because, all hon. members realize that although the present bill is just another palliative to deal with this major crisis, it will nevertheless provide some temporary relief, particularly to those areas of western Canada which have not been able to harvest their grain.

• (4:20 p.m.)

This afternoon I want to get from the Minister without Portfolio responsible to the government for these matters a response to a proposal that has come from the farmers themselves. It has been pressed for over six months, and unfortunately up to this moment there has been no positive reply from the government or from the minister concerned. I think in the history of Canada's grain producers they have demonstrated their capacity to adjust to the extreme conditions and fluctuations of the grain industry.

Only a few years ago the government was urging the farmers to grow more and more grain. They were told that if they grew the grain, it could be sold. The prairie farmers responded in a magnificent way. We know this only too well because of the amazing production figures of the past four or five years. Productivity, stream-lined, improved techniques, technological changes and all the other measures adopted brought an almost immediate response to the request of the government for greater grain sales. There is obviously still some of this thinking in government circles. I have in my hand a Canadian Press release from Stratford, Ontario, which states as follows:

Arthur Laing, federal Minister of Public Works, said here Wednesday that Canada's wheat surpluses will be eaten up if the world population explosion continues.

I hope the Minister without Portfolio includes the Minister of Public Works in his group because there seems to be a lack of consensus within the cabinet as to the nature of the problem. This news release, incidentally, was publicized quite generally across Canada. It only adds to the confusion which already exists in the minds of farmers because of the lack of specific information and lack of consensus as to the true nature of the problem.

I would once again like to draw to the minister's attention the proposal of the prairie grain farmers with respect to the basic problem, the sale of grain. They can produce the best quality grain in the world. It is up to the Canadian government, through the Wheat Board, to ensure that the markets are maintained. Notwithstanding the Prime Minister's statement in this regard a little over a year ago in Winnipeg, it is still the responsibility of the Canadian Wheat Board to sell the grain.

According to the Minister of Public Works, the population explosion ensures that the market is still there. I am sure the minister is aware of this proposal; a paper on the subject is before him. It is a positive one. It does not involve any additional expenditure on the part of the government; it merely suggests that a Canadian export marketing organization for Canadian grain be established. It would involve organizing a Canadian-owned company charged with the responsibility of selling Canadian-produced grains. The agency would not be financed from public funds; it would be financed through deducting up to one per cent per bushel on all grain delivered to the Canadian Wheat Board at the various elevator points. It is envisaged that this agency would be licensed by the Canadian Wheat Board as a marketing agency for Canadian grains.

The purpose of the corporation would be to sell grains produced in Canada and to develop new markets for products which can be produced by western Canadian farmers in obvious abundance. When such an agency had been established, it is conceivable that it could make arrangements with other agricultural commodity groups to develop export markets for their products as well. Marketing is the greatest problem of Canadian agriculture at the moment. If we could market the agricultural products, the current difficulties which are being handled by the nostrums and palliatives such as the one before us would be completely unnecessary.

It should be noted that this proposed agency would in no way compete with the function of the Canadian Wheat Board or the present Canadian grain trade, but would supplement their efforts by having salesmen strategically located throughout the world to continually assess the trading activities and market requirements, and to promote the sale of Canadian products on these markets. This is an excellent example of the sort of self-help philosophy that has made it possible for the prairie grain farmer to survive with the almost impossible changes and challenges of the grain industry.

Some preliminary government assistance would be necessary. This would be of a very minimal nature. It is envisaged that in order to get this agency organized and operating successfully it would be necessary to have the assistance of the federal government in the following ways. At first, there would have to be initial financing for the first year of operations, that is, before the collections could be made from the farmers. No doubt any outlay on the part of the treasury would be repaid on the basis of the farmers' contribution.

Second, the federal government would participate or take the initiative in establishing a research and development arm to continually assess market developments and encourage a production program to fill those markets. This could be the function of the Canada Grains Council; it could be assigned this responsibility. Third, export credit assistance on reasonable terms to countries requiring this type of credit could be made available by the federal government.

In passing I would like to note that one of the reasons, if not the main reason, for the successful sales to China in the early 1960s was based precisely on this point. The federal government of the day made reasonable credit terms available to the Chinese government. It did this on the basis of face-to-face negotiations between politicians at the ministerial level.

The fourth point is this. Assistance by the various trade commissioners stationed throughout the world, in contacting buyers and helping with communications and import regulations, could be made available to the qualified salesmen who would be the essential aspect of the export corporation. Fifth, the support of the Canadian Wheat Board and the federal government would be necessary to allow for flexible pricing and trading

arrangements in order to successfully conclude the sales. This proposal has been put forward by the farmers as a result of a series of meetings organized at what we call the grass roots level and has been in the hands of the federal government for almost six months. By the expeditious manner in which it has dealt with this matter today, Parliament has demonstrated that it is willing to act if the government will seize its responsibility and put forward the necessary legislation.

• (4:30 p.m.)

We sometimes talk about unfair competition from other grain exporting countries, particularly France and the United States. I would point out that the United States has already taken action to stimulate exports through increased sales. They have organized an export marketing service which comes directly under the United States Department of Agriculture. One task of this new service is to maximize the export of agricultural products. I understand that this United States agency will be backed by farm programs calculated to maintain prices at realistic levels which will allow commodities to move into world markets. We can be certain that the United States will be embarking upon aggressive efforts to market grain and other products around the world, and that Canada's experience in recent years with respect to United States' competition will be even worse unless we gird our loins and accept the good, practical recommendations which have come from the farmers themselves.

I do not think it is necessary to discuss this particular recommendation any further, but I would appreciate it if the minister would comment on this excellent proposal before the debate closes. What is even more important, I trust he will announce that action is to be taken on this matter before Christmas. Certainly, Parliament has demonstrated its willingness to act with the greatest possible speed.

Mr. Mazankowski: Mr. Chairman, the hon. member for Winnipeg South Centre reflected somewhat on my honesty by questioning the information I presented to the House this afternoon. If he would like to know where I got this information, I would refer to an article which appeared in the *Globe and Mail* of November 21, under the heading "Postdated". This stated and I quote, with your permission—

The Chairman: If the hon. member is attempting to give the source of his information, I think he has a perfect right to do so. But having given the source, I think he should not go further.

Mr. Osler: On a question of privilege, Mr. Chairman, may I say that I in no way impugned the hon. member's honour. I simply asked him for specific information in place of general information which appeared to me to have been presented in an erroneous manner, though evidently it is not the hon. member who is responsible for that, but the source.

Mr. Muir (Lisgar): I suggest that the hon. member for Vegreville be given the opportunity of citing not only the source but also the content of his information in order to apprise the hon. member for Winnipeg South Centre of his honesty.

The Chairman: I think at this point we ought to recognize the hon. member for Regina-Lake Centre.

Mr. Benjamin: Mr. Chairman, I have a few brief remarks. I hope the minister will respond to some of the points which have been made and to some of the wise suggestions put forward by members on this side of the House. One subject which I do not believe has been mentioned yet concerns the whole question of crop insurance. While there are crop insurance programs of one kind or another in most provinces supported jointly by provincial and federal governments, I think it is incumbent upon the Minister of Agriculture to work out quickly with the provinces an all-risk crop insurance program which would take the place of not only emergency legislation such as this but of other forms of payments consequent upon natural disaster, such as those made under PFAA. In far too many areas the premiums payable in connection with present crop insurance schemes are so high that few farmers can protect themselves against the kind of risk to their crops which we have been considering. As a result, the government has to provide assistance periodically by means of bailing-out legislation.

It seems to me that cash advances or provisional payments, as they are called in this legislation, will be repaid fairly easily provided the farmers can get their crops threshed next spring. Should they not be able to do so, they will obviously have to attempt to repay the advance out of the proceeds of another crop, in which event they will be in a hole much deeper than the one in which they now find themselves; their worries will be compounded to that degree.

I hope the minister can let us know what the government's thinking is in connection with a further expansion of crop insurance programs in co-operation with the provinces. I have in mind a meaningful, low premium scheme which would cover farmers no matter where they are located, so that when disasters occur coverage would be available and the cost spread out to a much greater extent than at present. In moving toward this objective I hope the minister will not set up another group. As one of the previous speakers pointed out, we now have a grains group, a transportation group, a Wheat Board group and a Grain Commissioner's group. These people are doing everything, except that they cannot sing. We have not formed a rock group yet. I hope the minister will not resort to setting up another task force if, as I recommend, he attempts to do something about crop insurance. I trust he will deal with some of these points when he speaks on third reading. I will raise some questions when we consider the other clauses.

Clause agreed to.

On clause 3—*Payments authorized*

Mr. Muir (Lisgar): I see that subclause 5 states:

> No person who has received an advance payment under the Prairie Grain Advance Payments Act in respect of which he is in default under that Act is entitled to receive a provisional payment under this Act.

Does this mean that a farmer who has not been able to deliver grain because of the quota situation would be considered to be in default in connection with a previous advance?

Mr. Lang: I can give the hon. member an assurance that a person who has not been able to deliver because of quota problems is not considered to be in default under the terms of the act, and there would therefore be no difficulty in that connection.

Mr. Muir: In that case a farmer who has delivered four bushels of his six-bushel quota would be entitled to the full advance under the act.

Clause agreed to.

Clause 4 agreed to.

Proposed Payments for 1969-70 Grain Crop

On clause 5—*Payment to joint producers*

Mr. Benjamin: Is this the clause which concerns an owner and a renter both eligible to deliver on one permit-book, or the situation in which there is joint ownership of a farm? Must both sign the application before they are eligible?

• (4:40 p.m.)

Mr. Lang: Yes, Mr. Chairman, I believe that is the case. As the hon. member or one of his colleagues said when discussing clause 2, these signatures are required largely because of the legal ownership of the grain itself. There are difficulties encountered in sorting out legal ownership. We have been looking at alternative ways to try to solve this problem and are continuing to do so, but so far have not found a solution to the problem.

Mr. Skoberg: Have any consultations been carried on with the provincial authorities to see whether this type of legislation can be improved and all producers enabled to receive cash advances?

Mr. Lang: Yes, Mr. Chairman, there have been some discussions. The provincial law relating to ownership of grain really makes very good sense for many reasons that are unrelated to the cash advance legislation. Hence there would be some reluctance on the part of the provincial authorities to change that law. In other words, the ball is in our court, and it is for us to find another way around the problem.

Mr. Benjamin: May I ask the minister whether there is not another way around the problem. Take the situation where two producers deliver their grain on the one permit-book, and only one of the producers is available to sign, or let us say the other refuses to sign. Would it not be possible to provide in the legislation that in such event one of the producers could apply for up to one half of the maximum provisional payment available?

Mr. Lang: Mr. Chairman, that is one of the suggestions that have been put forward on many previous occasions. The difficulty is that the joint ownership of the grain extends effectively to every kernel of grain. This is the problem.

There are possibilities of solution along some other lines, such a simplified form of permission to allow one interested party to separate his interest from that of the other who wishes to apply for an advance. I think there is more possibility of a solution along that line.

[Mr. Muir (Lisgar).]

Mr. Skoberg: If an owner did refuse to sign, would the application for permission form be filed along with the application?

Mr. Lang: It is slightly more complicated than that, but perhaps I can discuss the matter with the hon. member privately.

Mr. Skoberg: But does the minister not feel there is some point in moving an amendment along the lines I have suggested? For example, where one of the two producers refuses to sign the application or is unavailable, why cannot the other interested party make application to receive up to one half of the maximum provisional payment? Why can we not try an amendment of this sort?

Mr. Lang: If it is possible to use the technique that I have suggested, there will be no problem about changing the act. The kind of change which the hon. member suggests would run counter to provincial law, and therefore would be impracticable. The real point is this. We should try to accomplish what we have in mind by agreement. We should give producers the information they require to enable them to make arrangements between themselves, thus obviating any change in the existing law.

Mr. Skoberg: Could this be done through regulation rather than legislation?

Mr. Lang: Mr. Chairman, I have just indicated that even regulation is not required; it is a question of working out legal arrangements between the interested producers. We should endeavour to see whether we can give the producers advice along these lines.

Clause agreed to.

On clause 6—*Amount of payment*

Mr. Muir (Lisgar): I think there is an anomaly in subsection (2) (b) of this clause, which refers to any threshed grain in storage otherwise than in an elevator. If grain is held in storage against a previous cash advance, it would not be considered as grain held, thus reducing the amount of the provisional payment a producer would receive. Can I have the minister's assurance that that is correct?

Mr. Lang: Yes, Mr. Chairman, I can assure the hon. member that that point is covered in the drafting.

Clause agreed to.

Clauses 7 to 10 inclusive agreed to.

On clause 11—*Default defined*

Mr. Benjamin: Mr. Chairman, in light of experience with previous legislation dealing with cash advances, and in view of the inherent risk that crops will not be threshed the following spring, if this were the case a producer receiving a provisional payment would have to commence repaying the money from his quota deliveries or from the money received by a subsequent crop that he was able to thresh. Does the minister not think that in the event of low quotas for the rest of this crop year and the succeeding one, the date of March 31, 1971, would be much more realistic and would increase the chance of making repayment without default?

Mr. Lang: Again, Mr. Chairman, I do not believe that the change requested is required. The operation of the repayment provisions is such that it is only if the quotas are open and grain can be delivered, and a notice is served on the producer to deliver the grain, that he runs into difficulty if he fails to deliver. Therefore, the ongoing use of the quota to make repayments without arriving at the point where full repayment has been made within the period will not create any difficulty.

Clause agreed to.

Clauses 12 to 20 inclusive agreed to.

On clause 21—*Commencement*

Mr. Skoberg: May I ask on what date this act will be proclaimed?

Mr. Lang: Mr. Chairman, it is our intention to proclaim it as soon as possible following its enactment into law. I think there would be little difficulty in bringing the act into effect almost immediately.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Judges Act

• (4:50 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, earlier in the day when it was clear that we were making pretty good progress I believe it was agreed we might also deal with the report stage and third reading of item No. 4, Bill C-2, to amend the Judges Act. I see that the Minister of Justice (Mr. Turner) has come back from California to put this bill through.

JUDGES ACT

PROVISION OF ADDITIONAL JUDGES IN ALBERTA AND ONTARIO

Hon. John N. Turner (Minister of Justice) moved that Bill C-2, to amend the Judges Act, as reported (without amendment) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

Mr. Turner (Ottawa-Carleton) moved that the bill be read the third time and do pass.

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

Mr. G. W. Baldwin (Peace River): Mr. Speaker, in the few minutes available we are wondering whether there is any further legislation the government might wish to introduce at this time.

An hon. Member: Bill C-7.

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, we would be glad to take up the CNR bill if we had assurance it would pass without division. In the absence of that assurance, and in view of the good progress the House has made today I think we might call it five o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we call it five o'clock we could take up Bill C-7, but we feel the government does not have sufficient members here to win the vote and therefore perhaps it should be put off.

At 4.55 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, December 8, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

NATO—REPORT BY SECRETARY OF STATE FOR EXTERNAL AFFAIRS ON BRUSSELS MEETING

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I would like to report to the House on the NATO meeting from which the Minister of National Defence and I have just returned. I am tabling herewith the communiqué and the attaching declaration which were issued at the close of the meeting. Part of the communiqué deals with NATO's military affairs, and the Minister of National Defence will be reporting to the House on these matters later this afternoon.

I suggest to Your Honour that it might suit the convenience of the House if both the Minister of National Defence and I were to make our statements before you invite the opposition to reply, since the matters are very closely connected.

Mr. Speaker: Hon. members have heard the suggestion by the Secretary of State for External Affairs that only one statement be made by each opposition party after the statements have been made by the Secretary of State for External Affairs and the Minister of National Defence. This would require the unanimous consent of the House.

Mr. Stanfield: I did not understand the minister to suggest that. I understood him to suggest that both he and the Minister of National Defence would speak before the opposition replied. I did not understand that he would try to confine the opposition, although admittedly one man on this side may be as good as both of them.

Mr. Speaker: I understand that was the suggestion made by the minister. If there is no agreement, we will have two rounds of speeches and we will hear first from the Secretary of State for External Affairs.

Mr. Sharp: Mr. Speaker, I can assure you I have no objection to having two separate rounds. I thought my suggestion might suit the convenience of the opposition. That was the only reason I put it forward.

There is a coming together of events in Europe today that opens the way to profound change. Basic differences between East and West will not be resolved overnight but there is reason to believe that a new era of genuine negotiation has begun.

Three new developments herald this era of change. The most important, which may well turn out to be a turning point in post-war history, is the opening in Helsinki last month of preliminary discussions between the United States and the Soviet Union on the limitation of strategic nuclear weapons, the so-called SALT talks. The ground for these talks was prepared in NATO, and at last week's meeting Secretary of State Rogers gave us a confidential report on progress to date. The very fact that these talks have begun in a business-like way has changed the East-West climate and brought a sense of cautious hope into East-West relations.

The second development of major importance is the manifest intention of West Germany to work out new relationships with East Germany, Poland, the Soviet Union and other countries of Eastern Europe. This new West German policy has added new momentum to the search for negotiated settlements in Europe.

The third development of potentially historic significance was last week's summit meeting of the six Common Market countries at the Hague. The extent of agreement achieved at this meeting has created a new mood of optimism and co-operation in Western Europe, a development which will encourage new approaches to the problems of Europe as a whole.

It was in this atmosphere of movement and progress that the NATO ministers discussed and defined their common position. They did so in the knowledge that the outcome of their meeting as made known to both East and West by the communiqué and declaration, and by less formal but still important press

reports, would become part of the evolving discourse among the nations roncerned with the future Europe and its people.

The NATO Council functions not only as an important point of exchange and consultation for the ideas and intentions of its members, but also as a transmitting station for signals to the other side. The issues before the recent meeting were, simply stated, what ideas and intentions should be conveyed to the countries of Eastern Europe, and in what ways they should be carried forward. All those present at the meeting had very much in mind that the ideas conveyed and the manner of their communication should be such as to make clear our desire to improve relations and negotiate outstanding issues. For our own part, in our contribution to the Brussels meeting we sought to advocate attitudes and measures which would be both realistic and conciliatory, to steer between the rigid no and the unthinking yes.

At the meeting I put forward the view that NATO should seize the initiative by showing a clear willingness to start discussion of specific issues. The inclusion in the declaration of a proposal for early discussions on mutual and balanced force reductions in Europe is one example of this, in the sensitive but vital field of arms control. This proposal is an advance on the previous NATO position and one that we actively promoted. We would have preferred a more precise formula, making clear, for instance, the regional limits and other detailed conditions which in the view of NATO members would govern any such force reductions. Others felt that such specifics should await some response from the nations of Eastern Europe, which up to now has not been forthcoming.

The declaration contains a section on Germany and Berlin which, among other things, gives support to the proposals of the West German government for a *modus vivendi* between the two parts of Germany and for a related bilateral exchange of declarations on the non-use of force. I have no doubt of the firm resolve of Chancellor Willy Brandt's government to break new ground in searching for solutions to the complex problems which have divided Europe for a generation. The response of the East to these overtures will be an important test of their intentions. The news this morning that negotiations have begun between the Soviet Union and the Federal German Republic on an exchange of declarations renouncing the use of force is a hopeful sign.

[Mr. Sharp.]

• (2:10 p.m.)

I also suggested that it would be useful to broaden the East-West dialogue to include discussion of non-political subjects such as the pollution of the environment, about which both sides are increasingly concerned, and the declaration also invites co-operation on this topic.

There has been much public discussion of the idea of a European security conference. I hope that such a conference will be held, at the right time and in the right circumstances. Such a conference is only one way of making progress toward the settlement of European problems, and for the time being it may not be the most effective.

Bilateral governmental contacts between countries of Eastern and Western Europe are a commonplace today, and there are many multilateral opportunities that underline the point that there is no shortage of meeting places or meetings. Canada attaches great importance to this process and plays an active part as illustrated by the recent visit to Ottawa of the Soviet Foreign Minister, Mr. Gromyko.

Second, I do not doubt that if and when it appears that a full security conference would be productive of tangible results, it could be readily organized. I am equally certain that Canada would be among the participating nations. What does, however, concern many western governments is that if such a conference were held prematurely it might prejudice the important progressive trends now so promising in Europe. Negotiations can make progress only when the other side displays a readiness to talk about something more than a mere freezing of the status quo in Europe. It would not make sense for the western countries to be beguiled into a conference where the cards are stacked in advance against an outcome reasonably acceptable to both sides. The consensus emerging from the meeting reflects these factors, while keeping open the door to a conference.

The problem of procedures for organizing negotiations with the other side is a complex one. Bilateral contacts may be more suitable at present for some issues, limited multilateral discussions for others, and a general conference including the neutral nations of Europe will probably become appropriate in due course. We proposed some weeks ago that there should now be a detailed Alliance study of this question of procedures for negotiation, and I am very pleased to report that, follow-

ing the Canadian suggestion, the declaration includes a specific request to have the NATO Council study this issue and report on it to our next ministerial meeting in May.

Discussions at NATO meetings are necessarily detailed and sometimes technical. It is not easy to get agreement when 15 governments, each with its own essential national interests and its own way of looking at things, are involved. I can tell the House, however, that some real progress was made last week. It was encouraging to me, and to all who were with me, to find a new and more hopeful atmosphere and a new resolve that the arid confrontation that has for too long characterized East-West relations should be brought to an end. Not by any sudden dramatic initiative, but by steady and careful negotiation of specific issues, starting with those that show the best chances for success.

We found a new climate in Europe, a new dynamic in the Common Market that points the way to enlargement of the Community and strengthening of ties between its members, a new German government already working toward *modus vivendi* with East Germany. Above all, we found a new atmosphere of hope brought about by the promise of progress in the SALT talks. I was encouraged, as I know all members of this House will be, to find NATO sensitive to the new trends, contributing to the great events that are taking place, and looking beyond its essential defence functions to the opportunities for a more positive role in securing the peace in Europe.

I took advantage of the NATO meetings to have individual talks with some of my NATO colleagues. I met with the foreign ministers of Italy and Turkey and had brief sessions with the German foreign minister and the United States Secretary of State. I also had a useful discussion with the French foreign minister of our bilateral relations and I am glad to say that there was mutual agreement that we should work out arrangements to avoid future incidents of the kind that have marred our relations in the recent past. I am hopeful that in this way we may be able to put our relations on a better footing.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, some time in the future a committee of this House will have to work out a more sensible method for giving opposition parties an opportunity to comment on what should be important statements resulting from ministerial visits; otherwise we shall have only exchanges of pap which are not helpful to our understanding of some of the major issues of the day.

Who cannot but agree with the minister that the SALT talks in Helsinki are of transcending importance and that the changes brought about by the recent elections in the Federal Republic of Germany, as well as the new attitude by the new chancellor towards East-West relations, will affect us all. Canada, of course, is watching with a great deal of interest developments in the European economic community.

I hope that when the minister saw his NATO colleagues he had something to say to the foreign minister of Greece about the serious problems in that country brought about by an oppressive military regime.

Some hon. Members: Hear, hear.

Mr. Fairweather: I hope, too, that resulting from the minister's talks with the French foreign minister there was a frank recognition that there has been a serious over-reaction on Canada's part to incidents that really do not threaten the foundation of this country.

Having said all this, I hope that the next time we are to have ministerial statements the opposition parties will be given a prior opportunity to assess those statements so that we can then make, hopefully, useful comments about the entire field of international relations.

Some hon. Members: Hear, hear.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to express my thanks to the Secretary of State for External Affairs for his courtesy in making available a copy of the statement he made on motions today. With many of his bland statements regarding the situation in Europe and some of the hopeful signs appearing there I heartily concur. But one aspect of his report which causes me great disappointment and, I think, will cause many other people in this country very serious disappointment is his statement regarding the proposed European security conference. Some time ago the government of Finland proposed a European security conference to be held in Helsinki in the hope that the NATO powers and the Warsaw Pact powers would meet and hold discussions designed to reduce the tensions in Europe and to see if some rapprochement could be developed to improve the situation

in Europe. I must say that the attitude of the ministers of the NATO countries who met in Brussels last week was far from inspiring and far from giving the kind of leadership in promoting peace which we all have the right to expect.

• (2:20 p.m.)

In his statement the minister pointed out that the NATO council functions not only as a place to exchange ideas but also as a transmitting station for signals to the other side. Surely the time has come, Mr. Speaker, to stop dealing at arm's length. The idea that we can communicate with the other side by issuing carefully worded communiqués is certainly not the kind of leadership that we have the right to expect. In view of recent statements by the Warsaw Pact countries of their desire to sit down and discuss the whole problem in Europe, surely this was the time to have accepted their invitation and to have indicated our willingness to discuss all aspects of this problem. It may be that the statements made by the Warsaw Pact countries were purely for propaganda purposes, or it may be they were genuinely anxious to find a solution.

The Soviet Union has problems today. It has the problem of emerging China at its back door. It has the growing weight of the cost of armaments and it may be they are genuinely interested in establishing a détente. Surely the best way to find out whether they are bluffing or whether their concern is genuine would be to have openly accepted the invitation to a European security conference and to have instructed the Director General of NATO to confer with them and start working on an agenda.

In his statement today the Minister pointed out there are some difficulties in this regard. He said, "If such a conference were held prematurely it might prejudice the important progressive trends now so promising in Europe." In another place he said, "It would not make sense for the western countries to be beguiled into a conference where the cards are stacked in advance against an outcome reasonably acceptable to both sides." That, Mr. Speaker, looks to me like a brush-off. If I had extended the invitation and got that kind of reply, that is how I would look upon this statement. What is the use of talking about being beguiled and about the conference being premature? The problems facing Europe today have now gone on for nearly 25 years. They are not new problems. Surely the NATO countries have some idea of what kind of proposals they are prepared to put forward at a European security conference.

The minister also said, "Bilateral contacts may be more suitable at present for some issues." I suggest, Mr. Speaker, that bilateral discussions and a European security conference are not mutually exclusive. They can go on simultaneously. Chancellor Willy Brandt has shown that already by his discussions with Poland and now his discussions with the Soviet Union. The holding of a European security conference would not preclude bilateral discussions before, during or after the conference. I submit that for the ministerial representatives of the members of NATO to deal with an open invitation to sit down to discuss the problems of Europe in the manner which is to be found in the declaration is not good enough. It might be just as well if I were to read the declaration.

An hon. Member: We shall take it as read.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I imagine that represents the amount of interest the hon. member has in whether there shall be peace or war. That attitude is probably the reason for the mess we are in.

Clause 14 of the declaration issued by the ministers in Brussels last week reads as follows:

> The members of the alliance remain receptive to signs of willingness on the part of the Soviet Union and other eastern European countries to discuss measures to reduce tension and promote co-operation in Europe and to take constructive actions to this end.

They "remain receptive". I submit this was a golden opportunity not merely to have remained receptive but to have indicated willingness and eagerness to sit down and see whether, together, we might work out a solution to the problems which have bedevilled Europe for nearly a quarter of a century.

Some hon. Members: Hear, hear.

Mr. Douglas (Nanaimo-Cowichan-The Islands): One thing lacking in the statement is any reference to the attitude the Canadian government took with respect to the right of Greece to remain a member of NATO. Members of our party have raised this question in the House on a number of occasions. There can be no doubt that under the constitution of NATO, which is made up of democratic coun-

tries banded together for the defence of freedom and democracy, the conduct of the present government of Greece automatically excludes it from that body. I notice that the government of the United Kingdom has just indicated its opinion that the government of Greece ought not to be allowed to sit in the Council of Europe. I hope that during the question period or at some other time the minister will indicate whether Canada has raised this question or, if not, whether it intends to do so in the near future. I believe the great majority of the Canadian people will support it in suggesting that the dictatorial military regime of that country does not entitle Greece to be represented on the NATO council.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, apparently the NATO countries blamed quite severely the Canadian government for its decisions regarding its participation to the Alliance.

We of the Ralliement créditiste have for many years been in favour of a reduction in our participation to NATO. If our country is successful in bringing about agreement between the East and the West, we shall rejoice.

Canada, as a member of NATO, is ready to do everything in its power, taking into account its population. For that reason, we support the government's policy with regard to the withdrawal of Canadian forces from Europe. We are ready to contribute as much as possible to the end of the cold war between East and West, provided that consideration is given to the means at our disposal. We must reduce the cost of maintaining Canadian troops in Europe.

We noticed that some European countries were even beginning to take things easy, relying on our participation to NATO, and concerning themselves with other problems. So it was necessary to end this game sooner or later.

In my view the government should continue to firmly back up the policy of withdrawing troops from Europe and of promoting, as well as it can, the understanding between eastern and western countries, as stated by the Secretary of State for External Affairs.

Report on Brussels Meeting

• (2:30 p.m.)

[*English*]

NATO—REPORT BY MINISTER OF NATIONAL DEFENCE ON BRUSSELS MEETING

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I would like at this time to report to hon. members on the meeting in Brussels last Wednesday of the NATO Defence Planning Committee and the NATO Nuclear Affairs Committee.

Members will recall that it is at the regular December ministerial meeting of the Defence Planning Committee that final undertakings are made on each nation's force contribution. Canada's contribution for 1970 is the reconstructed force for NATO Europe and the Supreme Allied Command Atlantic, announced in my statement of September 19 last.

In my remarks to the Defence Planning Committee I referred to the committee's meeting last May at which I announced Canada's intention to reduce the size of our military contribution to NATO. I then told the committee that this change was occasioned, in part, by a requirement for budgetary restraints on all Canadian government activities.

I reminded the meeting that, after full consultation, we had reached agreement on the final extent and timings of our proposed adjustment in Europe, and said that as a result of consultation we had modified considerably our original plan. These modifications were embodied in the force structure I announced on September 19.

The communiqué refers to the meaningful negotiations we carried out in paragraph 10, which reads in part:

> Ministers took note of the positive outcome of consultations with the Canadian authorities concerning their forces for NATO, which were initiated following the Defence Planning meeting of 28th May, 1969.

I am happy to report that the European nations have initiated steps to adjust their forces to maintain the NATO force levels in Europe and, while their plans have not been finally completed, it appears that they will be shortly.

[*Translation*]

During the ministerial meeting, the 12 ministers comprising the Nuclear Defence Affairs Committee reviewed the work of the smaller seven-member Nuclear Planning

Group and considered two papers which were originated by the Planning Group and which were adopted by the Defence Planning Committee.

These papers dealt with procedures for political consultation on the possible use of nuclear weapons and guidance for Commanders on drawing up their plans for the possible defensive tactical use of nuclear weapons in defence of the Treaty area.

Speaking for Canada, I supported the adoption of these papers which further define and restrict the circumstances under which nuclear weapons might be used, emphasizing the requirement for political consultation and control.

As honourable members may recall, the Nuclear Planning Group changes its membership on a rotation basis so that the non-nuclear members have an opportunity, together with the nuclear powers, to participate in the planning for nuclear defence measures, including control and consultation procedures. Canada was a member from January 1967 to July 1968 and will become a member again starting 1st January, 1970, for a period of 18 months.

In my further remarks, Mr. Speaker, I felt it appropriate to deal with Canada's contribution, past and present, to the NATO Alliance.

I reminded the Committee that twenty years ago Canada willingly helped to establish the North Atlantic Treaty Organization. Like the other members, we pledged ourselves to consider an armed attack against one or more of us in Europe or in North America, as an attack against us all. We still hold that pledge.

[*English*]

I said that the long period of the NATO alliance had enabled European members to complete their post-war recovery and embark on a period of economic growth with peace and stability. Behind the NATO shield, western Europe has grown strong and prosperous. To be sure, the military threat has not diminished in Europe or in North America. I said that to help meet this threat, and to help build the NATO shield behind which western Europe could continue her post-war recovery, Canada alone gave over $1 billion in mutual aid in the first ten years of NATO. Every European NATO country has benefited from our mutual aid program.

Referring to other Canadian contributions, I said that during the first ten critical years of NATO Canada contributed over $413 million toward NATO aircrew training, and this has now risen to over $446 million. Our NATO military budget contributions total over $46 million, and our infrastructure contributions have amounted to over $181 million. All in all, our total Canadian defence contributions to the European NATO countries amount to well over $2 billion, and this figure does not include the cost of maintaining our forces in Europe.

I said, Mr. Speaker, that we are proud of our contributions and do not begrudge them; but I reminded the committee that, in addition to our contribution to NATO Europe, Canada also contributes heavily to the defence of North America, and particularly to the defence of the United States deterrent which protects us all.

I reminded the meeting that we have not decreased our defence budget but, like many NATO partners, we have had to absorb inflationary costs which have meant a reduction in manpower and an adjustment in our force levels.

I said that in our defence review we had to look at all of these facts which form a very complex equation. On the one hand, we have made substantial defence contributions of well over $2 billion to NATO Europe over and above the cost of stationing our forces there, while at the same time contributing to the defence of NATO North America. On the other hand, there is a growing belief in Canada that Europe is in a much better position now to absorb more of the costs than she was 10 or 15 years ago. At the same time we know that there is a continuing threat to NATO North America.

I said that one solution, as we see it, is to show our European partners that we do recognize the continuing threat to NATO Europe. It is for this reason that we will continue to maintain forces in Europe. But, I said, our European partners must recognize all of the factors I listed and accept the fact that there are two sides to the equation.

I conclude my remarks, Mr. Speaker, by saying this:

NATO is not Europe. NATO is not North America. NATO is the North Atlantic Treaty Organization—a group of nations banded together which are pledged to consider an attack against one or more of us in Europe or North America as an attack against all of us. We reaffirm that pledge.

Report on Brussels Meeting

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, the outline that the minister has given of the contributions Canada has made to NATO over the past 20 years was quite evidently intended as an excuse and an apology for the decision of the government materially to decrease Canada's contribution to NATO in the future. Rather than serving that purpose, to my mind it serves to emphasize the fact that the present government is declining to shoulder Canada's due share of the burden of western defence.

The reductions the minister announced last September in the forces that Canada is to maintain in Europe mean, of course, that we are not contributing in proportion to our population and our gross national product in the same way that other members, except for Luxembourg and Iceland, are contributing. In other words, we are shifting the burden to somebody else.

In connection with the talks that took place in Brussels, when the minister says that the other NATO European nations have initiated steps to adjust their forces so as to maintain NATO force levels in Europe, what he is saying indirectly is that these other countries of Europe have made arrangements to assume the burdens that Canada has laid down. This is not something about which we as Canadians can be proud.

• (2:40 p.m.)

With regard to what the minister had to say about the nuclear talks which took place may I say that political consultation on the possible use of nuclear weapons has always been one of the most difficult subjects facing NATO. It has been discussed at every NATO conference I have attended and I presume at every other one that has been held. It has never been possible to arrive at what one might call a workable or practical means of exercising political control over how and when nuclear weapons are to be used if the balloon suddenly goes up and time is not available. I trust that progress is being made in solving this extremely difficult problem, although nothing the minister said in his statement indicates that actual progress has been made in that regard. The minister talked more particularly about drawing up plans for the possible use of tactical nuclear weapons and things of that sort. This is one of the important questions which NATO has not solved but which I hope it will solve. I refer to effective political control in respect of any sudden necessity for the use of nuclear weapons.

Reports in European newspapers in connection not only with this meeting but with the general situation in NATO from a military point of view unfortunately leave the impression that Canada's withdrawal of some NATO forces from Europe and the failure of other NATO countries to supply sufficient conventional forces have meant a shift again in the general strategic thinking of NATO regarding an earlier use of tactical nuclear weapons than had been envisaged during the past two or three years. This is certainly an important matter. The minister shakes his head, but this is the opinion which has been put forward in the last few months. I think the general belief of most people who have studied the question is that the earlier use of nuclear weapons will be necessary because of Canada's withdrawal and the failure of other countries to supply sufficient conventional weapons. This is a very sad situation. We are now apparently at the point where nuclear weapons will be used much earlier than was envisaged one, two, three or four years ago.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should also like to thank the Minister of National Defence for giving us a copy of his statement. Let me congratulate him on the fact that he drew to the attention of the ministers' conference in Brussels the contributions which Canada has made over the past 20 years toward the defence of Europe and the stabilization of the situation there.

We in this party may not agree with the government in its slow phasing-out of our military commitments in Europe. We feel that the situation there is such that Canada could withdraw its military forces and, indeed, we question whether or not there is any real purpose to be served by Canada remaining in the North Atlantic Treaty Organization. We think the minister rendered a real service to Canada by pointing out that in the period when NATO had a vital role to play in the peace of the world Canada made a contribution out of all proportion to its size and its responsibility.

However, there is one part of the minister's statement in respect of which I hope he will give us more information. I refer to what he said about the papers that were prepared for the nuclear planning group. He used these words:

> These papers dealt with procedures for political consultation on the possible use of nuclear weapons and guidance for commanders on drawing up their plans for the possible defensive tactical use of nuclear weapons in defence of the treaty area.

Report on Brussels Meeting

Paragraph 13 of the official communiqué issued by the ministers in Brussels last week reads as follows:

> Acting on the recommendation of the Nuclear Defence Affairs Committee, the Defence Planning Committee adopted two policy documents originated by the Nuclear Planning Group at their meeting in the United States last November, concerning general guidelines for nuclear consultation procedure and for the possible tactical use of nuclear weapons in defence of the treaty area.

I do not think the House has been given any specific information either as to what the consultative procedures are or as to what changes, if any, there have been in the possible use of tactical nuclear weapons. Newspaper reports have been emanating from Brussels. How accurate they are we in this House are not in a position to say, but one of the reports said that part of the procedure would be that the ultimate decision would lie with the President of the United States. Another newspaper article said that in respect of the use of tactical nuclear weapons the ministers' conference had decided that tactical nuclear weapons could now be used in the event that conventional weapons were not adequate to meet the military situation; in other words, NATO would be authorized to use nuclear weapons first if it found that the military situation warranted it.

I think the minister owes the House a statement fairly soon with reference to the consultative procedures which have been established and in respect of what changes, if any, have been made. I think the minister ought to tell the House today or in the near future what changes there have been in respect of the use of tactical nuclear weapons and whether or not it is true that the ministers of the NATO countries have agreed that nuclear weapons can be used irrespective of whether the opposing forces have resorted to the use of that kind of weapon.

I hope the minister will take an early opportunity to enlighten the House on these two points because they are very vital to Canada. It is true that Canada is phasing itself out of a nuclear role, but my recollection is that we are committed to a nuclear role until 1971. If we are committed to such a role we should certainly know under what circumstances we will be called upon to play that nuclear role in Europe.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I would like to draw the members' attention to a few points mentioned by the Minister of National Defence who states that we are reducing our forces in Europe because of necessary budgetary restrictions. Mr. Speaker, it is not perhaps logical to say that we neglect national defence because of a limited budget. When we have to defend ourselves, we do so and if we were attacked we would have to think in terms of defence.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

However, this does not mean that we favor having troops stationed in Europe. On the contrary, we feel we should call them all back. Why? The minister answers the question himself when he says, and I quote:

> On the other hand, there is a growing belief in Canada that Europe is in a much better position now to absorb more of the costs than she was 10 or 15 years ago.

Mr. Speaker, we fully agree on that point. We do not have one cent to spend in Europe at this time. Will the money borrowed in Europe by certain provinces be used to defend that continent? Europeans are more numerous than we are, therefore they are in a better position to defend themselves. I fail to understand why the statement goes on to say, and I quote:

> It is for this reason that we will continue to maintain forces in Europe.

We are members of NATO and we must contribute to it. However, Canada is NATO's largest member country and we should deem it enough for us to defend Canada, taking into account our small population, and not aim at defending Europe.

I wish such a prerequisite were done away with, that we could be satisfied simply to defend Canada and stop sending troops to Europe and spend huge amounts for their upkeep. We could then say, as a prime minister did not so long ago: "Enough of this nonsense!"

• (2:50 p.m.)

[*English*]

JUSTICE AND LEGAL AFFAIRS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Walter Deakon (High Park): Mr. Speaker, I should like to move, on behalf of the hon. member for Welland (Mr. Tolmie):

> That the second report of the Standing Committee on Justice and Legal Affairs, presented to the House on Wednesday, December 3, be concurred in.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: No.

Mr. Speaker: Is it the wish of the House that the motion be put at this time? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Deakon, for Mr. Tolmie) which was agreed to on the following division:

• (3:00 p.m.)

Division

YEAS

Messrs:

Aiken
Alexander
Allmand
Asselin
Badanai
Baldwin
Barnett
Barrett
Béchard
Bell
Borrie
Breau
Caccia
Cadieux
Carter
Chrétien
Clermont
Code
Corbin
Côté (Richelieu)
Crossman
Crouse
Cullen
Cyr
Danson
Deakon
Diefenbaker
Douglas (Nanaimo-Cowichan-The Islands)
Drury
Dubé
Duquet
Émard
Éthier
Fairweather
Forest
Forget
Forrestall
Foster
Gendron
Gilbert
Gillespie
Givens
Gleave
Goode
Gray
Greene
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Harding
Harkness
Howard (Okanagan Boundary)
Howe
Isabelle
Kierans
Knowles (Winnipeg North Centre)
Korchinski
Laing
Lefebvre
Legault
Lessard (LaSalle)
Lundrigan
Macdonald (Rosedale)
MacEwan
MacGuigan
MacInnis
MacInnis (Mrs.)
Mackasey
Macquarrie
MacRae
McBride
McCutcheon
McGrath
McIlraith
McIntosh
McQuaid
Major
Marchand (Kamloops-Cariboo)
Mather
Mazankowski
Monteith
Moore
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Noël
Nowlan
Nystrom
O'Connell
Orange
Orlikow
Osler
Ouellet
Paproski
Peddle
Penner
Pepin
Pilon
Portelance
Pringle
Prud'homme
Reid
Ricard
Richard
Rock
Rose
Roy (Laval)
Saltsman
Sharp
Skoberg
Smith (Saint-Jean)
Stanbury
Stanfield
Stewart (Cochrane)
Thomas (Maisonneuve)
Thomson (Battleford-Kindersley)
Turner (London East)
Walker
Whelan
Whicher
Whiting
Winch—123.

NAYS

Messrs:

Beaudoin
Dionne
Fortin
Godin
Lambert (Bellechasse)
Matte
Peters
Rodrigue—8.

• 3:10 (p.m.)

ELECTORAL BOUNDARIES READJUSTMENT ACT

CHANGE IN NAME OF CONSTITUENCY

Mr. W. M. Howe (Wellington-Grey) moved for leave to introduce Bill C-168, respecting the Electoral Boundaries Readjustment Act.

Some hon. Members: Explain.

Mr. Howe: In view of the fact that the riding of Wellington-Grey comprises parts of four counties the purpose of this bill, Mr. Speaker, is to fully recognize this state of affairs.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

PIDA PROGRAM LOANS

Question No. 73—**Mr. Saltsman:**

1. What firms have applied for loans under the Pharmaceutical Industry Development Assistance Program (PIDA) administered by the Department of Industry, Trade and Commerce, up to September 30, 1969?

2. What firms have received loans under PIDA, and what is the amount of these loans?

3. What firms have been refused loans under PIDA, and what reasons were given for these refusals?

Questions

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1, 2 and 3. The names of the specific firms and the amount of assistance applied for under this program cannot be released to preserve the "commercial confidentiality" assured each applicant. However, of a total of 15 applications received as of September 30, 1969, one has been approved, four are being investigated, four are ineligible and six are considered dormant. Three of the dormant applications could be reactivated by year end. If the four applications under investigation result in loans, an approximate total of $950,000 will have been committed.

Of the four ineligible applications, one did not qualify because the company did not manufacture or plan to manufacture prescription drugs in dosage form, a second could obtain needed financing through another government agency while the third and fourth proposed plans which were beyond their financial capabilities.

USE OF LANGEVIN BUILDING BY HOUSE OF COMMONS

Question No. 104—**Mr. Mather:**

1. Is the Government of Canada giving favourable consideration to the renovation of the Langevin Building on Wellington Street to be used by the House of Commons?

2. If not, what plans does the Government of Canada presently have to make available more space to meet the urgent accommodation requirements of the House of Commons?

Hon. Arthur Laing (Minister of Public Works): 1. Yes.

2. Consideration is also being given to relocating certain services out of the West Block into rented accommodation to make space available for Parliamentary Committee functions in the West Block.

INDEPENDENT ECONOMIC RESEARCH INSTITUTE

Question No. 158—**Mr. Saltsman:**

Does the Government of Canada intend to implement the recommendation of the Economic Council of Canada that steps be taken to establish an independent institute of economic research which would have the responsibility of examining all current economic conditions?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): The recommendation of the Economic Council of Canada that steps be taken to establish an independent institute of economic research which would have the responsibility of examining all current economic conditions is under consideration but no decision has been taken with respect to it.

[Mr. Saltsman.]

EMBASSIES OPENED OR CLOSED

Question No. 192—**Mr. Laprise:**

1. Does the government intend to close any embassies and, if so, which ones?

2. Does the government intend to open any new embassies and, if so, in what countries?

[*Translation*]

Mr. Jean-Pierre Goyer (Parliamentary Secretary to Secretary of State for External Affairs): 1. Yes, as announced by the Secretary of State for External Affairs in the House and reported in *Hansard* November 3, 1969, page 391.

2. Yes. Ivory Coast and the Vatican.

[*English*]

PUBLIC SERVICE SUPERANNUATION ACCOUNT

Question No. 200—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount of money in the Public Service Superannuation Account as at (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966 (d) March 31, 1967 (e) March 31, 1968 (f) March 31, 1969?

2. What rate of interest does the Government pay for the use of this money?

3. What amount of interest was credited to the Public Service Superannuation Account during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966 (d) March 31, 1967 (e) March 31, 1968 (f) March 31, 1969?

4. What was the total amount paid out of the Public Service Superannuation Fund during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966 (d) March 31, 1967 (e) March 31, 1968 (f) March 31, 1969?

Hon. C. M. Drury (President of the Treasury Board): 1. (a) March 31, 1964, $1,856,407,623; (b) March 31, 1965, $2,161,828,358; (c) March 31, 1966, $2,390,383,091; (d) March 31, 1967, $2,689,467,819; (e) March 31, 1968, $2,875,823,-276; (f) March 31, 1969, $3,265,341,150.

2. The rate is 1.2416 per cent per quarter for the quarter ending September 30, 1969. Previously the rate had been 1 per cent per quarter. The new rate is subject to change for every quarter in a fiscal year.

3 and 4.

During the fiscal year ending	Total Amount of Interest Credited	Total Amount Paid Out
(a) March 31, 1964	$ 71,756,270	$56,807,908
(b) March 31, 1965	78,715,785	64,160,629
(c) March 31, 1966	89,499,085	69,906,914
(d) March 31, 1967	98,499,363	74,902,119
(e) March 31, 1968	110,897,897	84,113,503
(f) March 31, 1969	117,950,358	86,964,343

PUBLIC SERVICE PENSION ADJUSTMENT ACT

Question No. 201—**Mr. Knowles (Winnipeg North Centre):**

1. In each year since the Public Service Pension Adjustment Act of 1959 was passed, how many persons have received payments thereunder?

2. In each of the above years, what was the total amount paid out under the said Act?

3. In each of the above years, what was the average amount paid under the said Act (a) to retired public servants (b) to widows (c) to others?

4. In each of the last five years, either calendar or financial, for which statistics are available, how many pensions under the Public Service Superannuation Act (a) to retired public servants (b) to widows of public servants or widows of retired public servants, have been discontinued because of the death of the superannuate?

Hon. James Richardson (Minister of Supply and Services): 1.

	Public Service
1959-60	14,311
1960-61	13,885
1961-62	12,553
1962-63	11,709
1963-64	10,852
1964-65	10,077
1965-66	9,078
1966-67	8,162
1967-68	7,483
1968-69	6,860

2. 1959-60 (including payments made $3,112,231 under Vote 667, Finance Appropriation Act No. 5, 1958) 1960-61, $2,956,515; 1961-62, $2,817,263; 1962-63, $2,657,706; 1963-64, $2,504,503; 1964-65, $2,344,711; 1965-66, $2,236,212; 1966-67, $2,083,329; 1967-68, $1,905,478; 1968-69, $1,777,869.

3. (a) 1959-60, $208.72; 1960-61, $202.43; 1961-62, $212.01; 1962-63, $212.66; 1963-64, $210.26; 1964-65, $210.94; 1965-66, $223.03; 1966-67, $220.52; 1967-68, $222.27; 1968-69, $221.21.

(b) 1959-60, $108.88; 1960-61, $105.42; 1961-62, $111.92; 1962-63, $113.59; 1963-64, $115.75; 1964-65, $118.08; 1965-66, $126.69; 1966-67, $125.64; 1967-68, $128.27; 1968-69, $126.21.

(c) 1959-60, $9.32; 1960-61, $8.79; 1961-62, $8.35; 1962-63, $9.06; 1963-64, $8.00; 1964-65, $8.19; 1965-66, $9.13; 1966-67, $8.93; 1967-68, $10.11; 1968-69, $8.56.

4. (a) 1964-65, 1,420; 1965-66, 1,489; 1966-67, 1,523; 1967-68, 1,572; 1968-69, 1,751.

(b) 1964-65, 375; 1965-66, 382; 1966-67, 508; 1967-68, 503; 1968-69, 514.

DEPARTMENT OF TRANSPORT—STUDY OF RELIEF FROM AIRCRAFT NOISE

Question No. 209—**Mr. Mather:**

Is the Department of Transport studying or assisting in studies of short and long term relief from aircraft noise in specific areas and, if so, when may a report on such studies be expected?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Department of Transport has been involved in studies of the noise problem since 1960 when jet aircraft were first introduced on regular scheduled service.

At that time equipment was obtained to measure the sound level of aircraft as they operated over noise susceptible residential areas near airports. This regular monitoring of noise levels has resulted in the accumulation of a large amount of data which were used in the development of special procedures for providing some relief from jet aircraft noise; however this information is not available in report form.

In addition, National Research Council has, at the request of the Department, conducted specialized studies on noise at Ottawa and Montreal International Airports in 1959, 1960 and 1965 and is currently engaged in a study at Toronto. Reports are available for the studies carried out at Ottawa and Montreal.

At all times the Department maintains a direct liaison with other countries concerning developments in the noise abatement field and also participates in international meetings on the subject conducted by the International Civil Aviation Organization.

HIGHWAY SAFETY—MANDATORY WEARING OF SEAT BELTS

Question No. 212—**Mr. Mather:**

Is consideration being given to encourage mandatory wearing of seat belts by all drivers of trucks, truck tractors and buses in inter-provincial use?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Department of Transport is most interested in the potential safety of mandatory wearing of seat belts by all drivers of motor vehicles. It is planned to raise this subject at the next meeting with the Council of Provincial Ministers responsible for motor vehicle administration.

INTERPROVINCIAL TRUCKING

Question No. 213—**Mr. Mather:**

1. Has research been conducted at the federal or inter-provincial level into the accident hazards posed by heavy trucks?

Questions

2. If so, what is the percentage of Canadian vehicle registration accounted for by heavy trucks in 1968?

3. What is the total percentage of Canadian mileage of such trucks in 1968?

4. What is the percentage of fatal accidents in which such trucks were involved?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Transport and the Dominion Bureau of Statistics as follows: 1. No. However, some provinces have investigated the accident hazard posed by specific types of vehicles.

2. Statistics are not available on the registrations of heavy trucks in Canada. However, of the total registrations of motor vehicles in Canada in 1968—7,877,547, the registrations of trucks and tractors were 1,340,980 or 17.0 percent.

3. Not available.

4. Statistics are not available on the percentage of fatal accidents in which heavy trucks were involved. However, in Canada in 1968 the total number of trucks involved in all types of reported motor vehicle accidents was 94,413 or 10.8 percent of the total number of vehicles (870,591) involved in all types of reported accidents. Excluding Quebec, where statistics are not available on the number of trucks involved in fatal traffic accidents, in 1968 of all types of vehicles (4,457) involved in fatal traffic accidents, 762 or 17.1 percent were trucks.

FINANCE—DEFERMENT OF CAPITAL COST ALLOWANCES ON NEW COMMERCIAL PROJECTS

Question No. 239—**Mr. Winch:**

1. Is the Department of Finance undertaking any analysis regarding the measures introduced in the June 1969 budget on deferring capital cost allowances on new commercial projects?

2. If so, who are the individuals involved in this analysis?

3. When is it anticipated that the analysis will be completed?

4. Are there any preliminary trends regarding this analysis?

Hon. E. J. Benson (Minister of Finance): 1. The necessary data are not yet available to permit the undertaking of any analysis regarding the budget measure on deferral of capital cost allowances on new commercial construction.

2, 3 and 4. See answer to No. 1.

[Mr. Mather.]

MINE ACCESS ROADS, NEW QUEBEC

Question No. 286—**Mr. Laprise:**

1. Has the federal government received a request from the Government of the Province of Quebec, for a contribution toward the cost of building access roads to the mines in the New Quebec area?

2. Does the Government of Canada intend to build one or more seaports on Ungava Bay or Hudson Strait?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): 1. No.

2. The Department of Public Works has at present no plans for construction of seaports in either of these localities.

WHARF FACILITIES, YARMOUTH, N.S.

Question No. 306—**Mr. Comeau:**

Is the government providing funds for the installation of wharf facilties at Yarmouth, Nova Scotia, for the proposed new ferry and, if so, when are these funds to be provided and in what amount?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. The Government is providing a loan to the Province of Nova Scotia for the modification of existing terminal facilities at Yarmouth to accommodate the proposed new ferry.

2. As required by the Province.

3. $430,000.

ALL-WEATHER HIGHWAY BETWEEN FORT NELSON AND FORT SIMPSON

Question No. 321—**Mr. Borrie:**

1. Has the Government of the Province of British Columbia communicated with the Government of Canada requesting participation in the construction of an all-weather highway between Fort Nelson, B.C. and Fort Simpson, Northwest Territories?

2. Would the Government of Canada give favourable consideration to the construction of an all-weather highway between Fort Nelson, B.C., and Fort Simpson, Northwest Territories?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. No.

2. The Federal Government is giving favourable consideration to the construction of that portion of the Highway which lies between Fort Simpson and Fort Liard in the Northwest Territories. The first portion of this highway (which forms part of the Mackenzie Highway—mile 296 to mile 258) is now under construction. Subject to negotiations with the Province of British Columbia the Government would consider building the road between Fort Liard and the British Columbia boundary.

SYMPOSIUM ON INDIAN SCHOOL INTEGRATION

Question No. 322—**Mr. Borrie:**

1. What was the cost to the government for conducting a symposium on Indian school integration at Kamloops, B.C., in May, 1969?

2. Were professional fees paid for organizing the event and, if so, how much and to whom?

3. Were travel and incidental expenses paid to participants?

4. Were all participants required to pay the $35.00 registration fee?

5. How many persons attended the symposium?

6. What was the total amount received from the registration fee?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Approximately $4,000.

2. No.

3. The Department paid the expenses of some Indian delegates and those of the departmental representatives.

4. All registered delegates paid the $35 registration fee.

5. About 100 persons.

6. Approximately $3,500.

PRICES AND INCOMES COMMISSION

Question No. 331—**Mr. Knowles (Winnipeg North Centre):**

1. In what matters does the government have responsibility over the Prices and Incomes Commission?

2. In what matters does the Prices and Incomes Commission exercise its own discretion?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): 1. The government has set out the terms of reference under which the Commission operates. These terms of reference are contained in P.C. 1969-1249 of June 19, 1969. In addition to containing the terms of reference for the activities of the Commission, the Order-in-Council states that the rates of remuneration for persons employed or retained by the Prices and Incomes Commission shall be approved by the Treasury Board. By Order-in-Council 1969-1294 of June 25, 1969, the Prices and Incomes Commission was designated as a Department for purposes of the Financial Administration Act and in this regard, the Hon. Stanley Ronald Basford was named as the appropriate Minister with respect to the Prices and Incomes Commission for the purposes of the Financial Administration Act. Therefore, in matters relating to financial management including estimates, contracts, etc., the Prices and Incomes Commission operates within the framework of the Financial Administration Act and is responsible to the government and Parliament.

2. Under P.C. 1969-1249, the Prices and Incomes Commission is authorized to undertake studies and prepare and publish reports under its own authority. While the Commissioners may receive requests for the conduct of studies on problems, issues and situations made to them by the federal and provincial governments, they "may reject or defer any such request if they consider that the study is not relevant to their main functions or that, having regard to the resources available to them, the study is of lower priority than other studies they consider they should conduct."

In addition, the Commissioners are authorized to exercise all powers conferred on them by Section 11 of the Inquiries Act and are authorized to engage the services of such counsel, staff, clerks and technical advisers as they may require.

ROAD AND MOTOR VEHICLE SAFETY RESEARCH

Question No. 343—**Mr. Robinson:**

Has the Road and Motor Vehicle Traffic Safety Office of the Department of Transport carried out any research programs and, if so, what are they and, if not, what ones are contemplated?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Road and Motor Vehicle Traffic Safety Office is presently conducting a research study to measure the effectiveness of a public education program, designed to inform Canadians on their new obligations with respect to drinking and driving resulting from the amendments to the Criminal Code passed during the last session of Parliament.

A further program of research is now being planned in co-operation with the provincial departments concerned. This program may include projects related to evaluations of the driving task, potential new motor vehicle safety standards, intersection accidents and new traffic control devices. A study to develop more meaningful traffic accident statistics may also be initiated.

AUTOMOTIVE INDUSTRY SAFETY INSPECTION SERVICE

Question No. 344—**Mr. Robinson:**

Is it the intention of the federal government to require the automotive industry to provide a safety inspection service according to government standards and, if so, how will this service operate in the case of importation of vehicles and parts into Canada?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The intention is to require the automotive industry to provide specific design, testing and inspection records to demonstrate that the vehicles they produce comply with the applicable government standards to be established under the proposed Motor Vehicle Safety Act. Industry tests will also be observed by inspectors to verify the documentation supplied. Comparable information will be required from foreign manufacturers prior to the importation of vehicles into Canada. The safety of motor vehicle parts imported into Canada will, for the present, be controlled at the point of sale under provincial legislation.

MARITIME PROVINCES' UNION

Question No. 380—**Mr. Coates:**

Has the federal government communicated in any manner with the governments of the three Maritime Provinces regarding the possibility of a union of those three provinces and, if so, what was the nature of the communications?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): There has been no communication. However, through the Atlantic Development Board the Federal Government has contributed $125,000 towards the total cost of $250,000 of the Maritime Union Study.

SURVEILLANCE DRONE AIRCRAFT

Question No. 438—**Mr. MacLean:**

1. Has the Canadian Government negotiated a contract for the procurement of surveillance drone aircraft for the Canadian Armed Forces?

2. Has any other country negotiated a contract for the production of such aircraft in Canada?

Hon. James Richardson (Minister of Supply and Services): 1. Yes.

2. Yes. Contracts have been negotiated for the procurement of the Surveillance Drone System for the United Kingdom and the Federal Republic of Germany.

NEW GERMANY, N.S.—DEMOLITION OF DAM

Question No. 487—**Mr. Crouse:**

1. Did the Minister of Fisheries and Forestry authorize the demolition of a water retention dam at New Germany, Lunenburg County, N.S. and, if so, what was the reason behind this action and what amount of funds was expended on this project?

2. Has the Minister authorized the reconstruction of this dam and, if so, what was the amount of funds authorized to cover repairs to this structure?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): 1. Yes. The privately owned dam is being phased out of operation and the owner would not agree to continued maintenance of the structure to assure efficient operation of the fishway which was to have been built. It is being removed with the owner's consent and provision is being made for an adequate fire protection water supply for the village. About $500 have been expended to date.

2. No.

[Mr. Robinson.]

SECOND NATIONAL PARK, SASKATCHEWAN

Question No. 497—**Mr. Southam:**

Is Saskatchewan's second National Park, which was announced by the government on April 22, 1965, slated for development in 1970 and, if not, for what reason?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No agreement has been concluded with the Government of Saskatchewan with regard to the establishment of a second National Park. For this reason no development can be slated for 1970.

SECOND NATIONAL PARK, P.E.I.

Question No. 522—**Mr. McQuaid:**

1. Is a second National Park scheduled for development in Prince Edward Island?

2. Has a decision as yet been arrived at as to where this Park wil be located and, if not, how soon may such a decision be expected?

3. If it has been decided not to establish a second National Park in this Province, what is the reason for such a decision?

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): 1. Scheduling of development will be carried out when it is known when lands will be available for park purposes.

2. Yes, both the Department and the Province are generally agreed as to park location.

3. Not applicable.

POLICING OF LONG POINT BAY DUCK HUNTING

Question No. 566—**Mr. Nesbitt:**

1. How many members of the RCMP are required to police the Long Point Bay area on Lake Erie during the annual duck-hunting season this year?

2. Are any temporary or special constables employed for these duties and, if so, how many?

3. Do the RCMP make use of paid "informers" in order to provide evidence for prosecutions under the Migratory Birds and related Acts and, if so, under what terms and conditions?

4. What is the total estimated cost of the operations outlined in parts 1, 2 and 3 above?

5. How many ducks have been confiscated this year to date by the RCMP as a result of illegal acts by hunters?

6. What disposition in detail has been made of these ducks?

7. How many persons have been prosecuted this year to date in this area with respect to infractions of the Migratory Birds and related Acts?

8. How many convictions have been registered to date?

9. What penalties resulted from these convictions?

Hon. G. J. McIlraith (Solicitor General):

1. Three: seven on opening day of season.

2. No.

3. No.

4. $2,135.10.

5. 68 ducks; 8 coots.

6. Ordered forfeited by Courts and held in cold storage to be handed over to Ontario Department of Lands and Forest for research purposes.

7. Migratory Birds Convention Act, 10, by RCMP; Provincial Game Act, 11, by Ontario Dept. of Lands and Forests; Migratory Birds Regulations, 3, by Ontario Dept. of Lands and Forests.

8. By RCMP, 10; by Ontario Department of Lands and Forests, unknown.

9. (a) $35 fine plus costs; (b) $35 fine; (c) $35 fine; (d) $100 fine; (e) $100 fine; (f) $75 fine; (g) $75 fine; (h) $75 fine; (i) 75 fine; (j) (i) $35 fine; (ii) $35 fine.

QUESTION PASSED AS ORDER FOR RETURN

MUNICIPAL SEWAGE PLANTS

Question No. 107—**Mr. Harding:**

1. Has the Minister of Energy, Mines and Resources announced that incentives for the construction of municipal sewage plants exist under the National Housing Act, and if so, is it hoped that towns and cities will continue to take advantage of them?

2. For the period January 1, 1969, to September 30, 1969, what applications were received by Central Mortgage and Housing Corporation for financial assistance for the construction of municipal sewage plants under the National Housing Act?

3. What applications were approved and what was the expenditure for each approved application?

4. What applications were rejected and what was the planned expenditure for each rejected application?

5. What reasons were given by CMHC officials for each application rejected?

6. Have CMHC officials informed certain cities and municipalities in Canada that no applications should be sent in this year for federal assistance on the construction of municipal sewage plants?

7. If so, which cities and municipalities have been informed of this decision?

Return tabled.

Inquiries of the Ministry

ORAL QUESTION PERIOD

REGIONAL ECONOMIC EXPANSION

CLOSING OF FAIREY AVIATION PLANT—INQUIRY AS TO REMEDIAL ACTION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion but in his absence I shall direct it to his Parliamentary Secretary. It arises from the announced closure of Fairey Aviation Company as a result of the decline in defence operations. Is it the intention of the department to take any remedial action, particularly in view of the assurance given by the Minister of National Defence in the House some time ago that it was anticipated the responsibilities and operations of the navy on the east coast would be extended?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I shall have to draw this question to the attention of the minister.

Mr. Stanfield: Mr. Speaker, I should like to ask a supplementary question of the Parliamentary Secretary. Have the catastrophic proportions of the unemployment that will be created been brought to the attention of the department and has the department given active attention to the creation of alternative employment in the area?

Mr. O'Connell: Mr. Speaker, the department is giving active consideration to alternative employment in the area. The industrial incentives program is actively in force in Nova Scotia and the Atlantic provinces.

Mr. Diefenbaker: And no jobs are being created.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a supplementary to the question asked by the Leader of the Opposition. Would the Parliamentary Secretary seek further information from his minister as to what progress is being made between his departmental officials and officials of Fairey of Canada and Grumman Aircraft Corporation with regard to the takeover of that firm? I wonder if I could direct this question to the Acting Prime Minister? Will the government give assurances to the people directly involved in this very serious matter, who comprise between 8 per cent and 10 per cent of the population of Dartmouth, that, in view of the commitment given to the

people of the Maritimes some months ago by both the Prime Minister and the Minister of National Defence, and before direct action of this type involving the expenditure of defence dollars is undertaken, interim or alternative forms of employment will be provided?

Mr. O'Connell: Mr. Speaker, I will seek an answer to the question raised by the hon. member.

Mr. Forrestall: Mr. Speaker, may I ask the Parliamentary Secretary to ask the minister to make a statement on motions at the earliest possible opportunity, failing which I should like to discuss the matter at ten o'clock.

EXTERNAL AFFAIRS

NATO—USE OF TACTICAL NUCLEAR WEAPONS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of National Defence regarding the meeting of the NATO ministers last week in Brussels. Does the adoption of the recommendations of the nuclear defence committee involve a change in the concept underlying the use of tactical nuclear weapons by NATO forces? Also, does that change allow such weapons to be used much earlier in a military confrontation than would hitherto have been the case?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I believe we have to begin by reminding ourselves that there was a change in strategy. Massive retaliation was the strategic concept employed before, and that was changed two years ago to the concept of flexible response. The political control that was exercised under the concept of massive retaliation is still applied under the concept of flexible response. The flexible response concept further contemplates the use of tactical nuclear weapons in a defensive fashion only, and the committee is now studying procedures with this end in mind. We are also trying to make sure that political control will be maintained throughout. Obviously these are continuing studies, and although we may say that we have adopted the committee's report we have actually endorsed a way of thinking. We hope that a continuation of the studies will lead eventually to a safe system of control and political decision.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Does "flexible response" and the interpretation of it resulting from the acceptance of the committee's recommendation now mean that tactical nuclear weapons can be used even if NATO forces are confronted only with conventional weapons in a conventional conflict?

Mr. Cadieux (Labelle): I suppose that is possible theoretically, except that there is still the problem of consultation and political decision. In that area, so far as the decision of involved governments is concerned there is no change with regard to nuclear weapons being used although the other side does not use them, for the time being that is, I think, a theoretical possibility.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. I am sure we all want the Minister of National Defence to clarify something he said. Does he mean to suggest that it is necessary to have political approval before the use of tactical atomic defence weapons can be resorted to?

Mr. Cadieux (Labelle): Yes, I do, sir.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Inasmuch as the minister in his statement referred to the new provisions as being more restrictive, may I ask whether "restrictive" relates to the use of nuclear weapons or to the consultative procedures?

Mr. Cadieux (Labelle): Actually, Mr. Speaker, I think it has to be applied to both. The reports and studies we looked at are, so to speak, concurrent. They are going along side by side. Since different bodies or committees are studying these problems, the restrictions apply in both cases.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, political control over the use of nuclear weapons involves very difficult questions. Inasmuch as the minister indicated that some decision has been made in this regard, am I to understand the term "political control" to mean that without the agreement of all the various governments or their representatives nuclear weapons would not be used in the event that defensive measures became necessary in the opinion of the commander?

Mr. Cadieux (Labelle): Mr. Speaker, obviously I did not explain myself properly if I led the right hon. gentleman to believe that some decisions had been taken. I think I

should underline that these were continuing studies so far as political control is concerned. I believe it was my duty to ensure that the Canadian government would be consulted in the event that Canadian troops have to use nuclear weapons. This is what I meant. We would be consulted.

Mr. Diefenbaker: Mr. Speaker, does that also mean that in these discussions which apparently have been in a state of flux for several years the Canadian government said no, there could be no use of nuclear weapons?

Mr. Cadieux (Labelle): What I meant, Mr. Speaker, is that although Canadians have nuclear weapons in their hands they would not use them.

IMMIGRATION

DR. KAZIMIERZ LASKY—REQUEST TO ENTER CANADA

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, may I direct a question to the Acting Minister of Manpower and Immigration. I gave the department notice of my question and was assured that an acting minister would be present to answer. Did Dr. Kazimierz Lasky, a Polish refugee and former member of the Communist party, request permission to come to Canada in response to an invitation from York University for him to teach there? If so, what has been the government's answer to this request?

Mr. Speaker: Order, please. It is very difficult for the Chair to decide if this question is urgent. If there is urgency, perhaps it will be more apparent to the minister and he could reply to the question.

Mr. Fairweather: Mr. Speaker, it will be apparent at ten o'clock, with great respect.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. In view of the general interest in this matter, as evidenced by my intention to ask a similar question, I wonder if the minister might be permitted to answer the question of the hon. member for Fundy-Royal?

Mr. Speaker: If there is urgency, perhaps the minister might be allowed to reply if he wishes to do so.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, the Minister of Labour was to represent the Minister of Manpower and Immigration today. A search has now been instituted, and I think the minister might be in a position to respond before we reach the end of the question period.

[*Later:*]

Mr. Fairweather: Mr. Speaker, since the Minister of Labour has returned to the House may I ask whether the Department of Manpower and Immigration has approved the entry of Dr. Kazimierz Lasky? If he is not now ready to answer the question I would be delighted to be here at ten o'clock and ask it again.

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, it is a long time since I have been present in the House at ten o'clock. I will accept the hon. gentleman's offer.

POST OFFICE

WAGES OF TEMPORARY CHRISTMAS EMPLOYEES

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is directed to the Postmaster General and Minister of Communications. Has he received a telegram from Mr. Jim McCall, Vancouver president of the Canadian Union of Postal Workers, requesting that the government substantially increase the present inadequate wage of $1.25 per hour for temporary help during the Christmas season? If he has, can the minister tell the House whether this reasonable request will be acted on by the government?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, I have not yet seen such a telegram. The matter has been under discussion for the last week with Treasury Board during my absence, but I intend to provide an answer.

REGIONAL ECONOMIC EXPANSION

HAWKESBURY—GRANT TO DUPLATE OF CANADA—LOSS OF JOBS BY OSHAWA EMPLOYEES

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion, but since he is absent may I direct it to his Parliamentary Secretary. Is the Department of Regional Economic Expansion investigating reports that as a result of a federal grant of $868,845 to Duplate of Canada a new plant was established this year in Hawkesbury, which has led directly to the loss of hundreds of jobs with the same company in Oshawa?

Mr. Speaker: Order, please. I suggest that this question could well be put on the order paper. If the hon. member considers that it should be considered at an earlier date I shall

be pleased to see that he is given an opportunity to debate it at the time of adjournment.

Mr. Broadbent: On a point of order, Mr. Speaker, with respect, this is a question of urgency. Some 300 have recently been laid off in Oshawa and the answer therefore—

Mr. Speaker: Order. It is precisely because it is urgent that it could be considered at the time of the adjournment proceedings.

EXTERNAL AFFAIRS

PROPOSED RECOGNITION OF COMMUNIST CHINA

Mr. G. W. Baldwin (Peace River): My question, Mr. Speaker, is for the Secretary of State for External Affairs, both in that capacity and as Acting Prime Minister. In view of the fact a sale of wheat valued at $100 million to Communist China has just been announced by Australia, does the minister not think it is time to change the instructions to the delegation dealing with the People's Republic of China so that something else may come about other than the game of hide and seek which now appears to be taking place?

Mr. Speaker: The hon. member for Vancouver East.

Mr. Diefenbaker: A supplementary question, Mr. Speaker.

Mr. Speaker: The question as asked is not in order. Perhaps the right hon. gentleman may have a related question. A supplementary question cannot be asked. The Chair has recognized the hon. member for Vancouver East.

HOUSE OF COMMONS

REMOVAL FROM COMMITTEE MEMBERSHIP OF MEMBER SITTING AS INDEPENDENT

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I realize my question is somewhat difficult because it affects so many members of the House. I ask Your Honour's permission to address the question to the Government House Leader, the President of the Privy Council. In view of the fact that the chairman of the Standing Committee on External Affairs and National Defence has cancelled all meetings of the subcommittee on maritime policy until such time as a decision is reached by the government, I should like to ask the government House leader whether the hon. member for Spadina will be allowed to remain as a member of the committee and when a government decision will be reached, since our subcommittee has a lot of work to do, some of which was pre-arranged?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I was absent when the hon. member asked the question last week. Unfortunately, the hon. member in question is not present. As soon as I have an opportunity to consult with him, I hope we can arrive at a satisfactory solution.

[*Later:*]

Mr. Macdonald (Rosedale): Perhaps at this time I could reply further to the hon. member for Vancouver East. I have been advised by the clerk of the committee that the hon. member for Spadina has resigned his position on that committee.

Mr. Winch: At whose direction?

Mr. Macdonald (Rosedale): It was apparently at his own insistence.

REGIONAL DEVELOPMENT

REQUEST FOR ORGANIZATION MEETING OF STANDING COMMITTEE

Mr. James A. McGrath (St. John's East): I wish to direct a question to the Government House Leader. It is prompted by the general interest today in the Department of Regional Economic Expansion. As very serious situations are facing the country today, such as the closing of the Fairey plant in Halifax and the matter alluded to by the hon. member for Oshawa-Whitby—

Mr. Speaker: Order, please. The hon. member has to ask a question.

Mr. McGrath: I am trying to build a premise to my question. It is very important. I ask the House Leader if, in the light of the serious situations arising in the last few days, he will now give consideration through the usual channels, whatever they may be, to convening a meeting of the Standing Committee on Regional Development?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I will be glad to discuss with the appropriate persons the possibility of holding an organizational meeting. However, I do not see at the moment any reason to depart from the conclusion that, because of the heavy pressure on other committees, that committee could not meet before Christmas.

REGIONAL ECONOMIC EXPANSION

CORNWALL—CLOSING OF DIVISION OF COURTAULDS PLANT—ACTION TO PROVIDE EMPLOYMENT

Hon. Robert L. Stanfield (Leader of the Opposition): A further question to the Parliamentary Secretary to the Minister of Regional Economic Expansion. It relates to the city of Cornwall and the unemployment there resulting in part from the shutdown of the rayon yarn division of Courtaulds (Canada) Limited. I understand this has resulted in a rate of unemployment substantially above the national average. I ask the Parliamentary Secretary what use the minister is making of the powers given to him by the House in the legislation passed last session to be of assistance in creating additional employment in Cornwall and vicinity?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, while I am not sure of this part of my answer, I do not think Cornwall fits into the designated regions in Ontario.

Mr. Walter C. Carter (St. John's West): A supplementary question to the Parliamentary Secretary. I am wondering what help will be given the people of Argentia who will be affected by the lay-off that occurred there in the last two or three weeks?

Mr. O'Connell: I will have to take that question as notice, Mr. Speaker.

Mr. Stanfield: A supplementary question, Mr. Speaker. Am I to take it from the answer given by the Parliamentary Secretary that the government accepts no responsibility for any activity in connection with the high rate of unemployment in the city of Cornwall?

Mr. O'Connell: Mr. Speaker, the program of the Department of Regional Economic Expansion was established by Parliament for designated regions. The general economic policies of the government apply to Cornwall as they do to all other areas. I am referring to general programs of the department which apply indirectly, not specifically.

EXTERNAL AFFAIRS

PROPOSED RECOGNITION OF COMMUNIST CHINA

Right Hon. J. G. Diefenbaker (Prince Albert): I ask the Secretary of State for External Affairs to tell the House the present position of the negotiations for the recognition of Communist China and whether in those negotiations there is to be a quid pro quo, namely that China will be required to purchase a certain amount of wheat from Canada?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am sure the right hon. gentleman knows that in the exchange of diplomats between countries such considerations are irrelevant. When any negotiations of this kind were undertaken when he was the Prime Minister of this country, he also followed that rule.

Mr. Diefenbaker: Mr. Speaker, in the negativity of his uncertainty the minister should not start giving advice to others. I ask if he is doing something to bring about a sale of Canadian wheat while endeavouring to bring about the recognition of Communist China? That is all I ask.

Mr. Sharp: No, Mr. Speaker. The present Canadian government, and the government under the leadership of the Right Hon. L. B. Pearson, have no apology to make about the large quantities of wheat they sold to the Chinese government.

Mr. Diefenbaker: Because we got the orders.

Mr. Baldwin: Tell that to the farmers out west.

Mr. Speaker: Order, please.

BIAFRA—REQUEST BY CANAIRELIEF FOR ASSISTANCE

Mr. Lorne Nystrom (Yorkton-Melville): My question, Mr. Speaker, is directed to the Acting Prime Minister. In view of the fact that it is now quite some time since Canairelief made representations to the government asking for assistance for flights into Biafra with relief supplies, is the government yet in a position to make an announcement on whether it will grant assistance to Canairelief?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. The Prime Minister had some conversations with representatives of Canairelief. He promised an answer within a short time, but not yet.

Mr. Nystrom: In view of the continuing starvation in Biafra, can the government assure the House it will make a decision before the Christmas adjournment?

Mr. Sharp: I do not know whether I could give a definite undertaking, but certainly there is no desire to delay it until after that time. When I was in Geneva I followed up this question and found agreement on all sides that the best solution would be daylight flights.

Mr. R. Gordon L. Fairweather (Fundy-Royal): When the government is considering its responsibility to Canairelief, will it be helped by the precedent established by the United Kingdom government which is providing 100,000 pounds sterling to Oxfam and to Joint Church Aid, of which Canairelief is an agent?

Mr. Sharp: I do not think that precedent would help very much, Mr. Speaker, because it was specifically said by the British government that this assistance was not to be used to pay for night flights.

[*Translation*]

CULTURAL AGREEMENT BETWEEN CANADA AND FRANCE

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs.

He said earlier that he had had interesting talks with the French foreign minister. I would like to know whether, on this occasion, he talked about the cultural agreement signed between Canada and France in 1965 and whether the minister has been assured that France, under the said agreement, will maintain her cultural and educational relations with Quebec?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the Canadian government is very anxious that there should be good relations not only between Canada as a whole and France, but also specifically between Quebec and France.

[*Translation*]

Mr. Asselin: Mr. Speaker, I wish to ask a supplementary question, because I believe the minister did not understand my question. Has it been decided that when a member of the French government comes to Quebec, he must go to Ottawa first?

[*English*]

Mr. James A. McGrath (St. John's East): A supplementary question, Mr. Speaker. Perhaps it is more in the form of a related question. During his meetings with his counterpart in the government of France, did the minister discuss Canada's territorial waters off the south coast of Newfoundland in light of French sovereignty over the islands of Saint Pierre and Miquelon?

Mr. Sharp: No, Mr. Speaker. These discussions are proceeding otherwise.

[*Translation*]

Mr. Asselin: Mr. Speaker, I should like to ask a supplementary question.

Following the discussions with the French foreign minister, have there been indications that the Prime Minister of Canada will soon meet with the president of the French republic?

[*English*]

Mr. Sharp: No, Mr. Speaker. We did not specifically discuss that subject. I did discuss with Mr. Schumann an exchange of visits between Canadian and French ministers. He was very agreeable and hoped this would happen.

BUSINESS OF THE HOUSE

REFERENCE OF REPORT ON INDIAN MORTALITY TO COMMITTEE

Mr. Thomas S. Barnett (Comox-Alberni): I wish to ask the President of the Privy Council, in his capacity as Leader of the House, whether it was through an oversight on his part that earlier today on motions he did not move to refer the documents concerning Indian mortality rates to the appropriate committee. If so, would he ask leave of the House to revert to motions for this purpose? It was my understanding that it was generally agreed on Friday, in the hon. gentleman's absence, that such action might be taken today.

Hon. Donald S. Macdonald (President of the Privy Council): I have to apologize to the hon. member and the House; I was not aware of that agreement. Since the federal-provincial conference is in progress it was not possible for me to confer this morning with my alter ego of last Friday.

ITEMS FOR WEDNESDAY, DECEMBER 10, AND THURSDAY, DECEMBER 11

Mr. G. W. Baldwin (Peace River): Could the Leader of the House give us some indication of the business for Wednesday and Thursday, having a regard to the fact that today and tomorrow are allotted days?

Hon. Donald S. Macdonald (President of the Privy Council): Yes, Mr. Speaker. On

Wednesday we will call as the first item that perennial favourite, the CNR financing bill, to be followed virtually instantly by the excise tax bill and the Income Tax Act amendment.

Mr. Thomas M. Bell (Saint John-Lancaster): May I ask the minister whether it is a fact that major pieces of legislation will not be cleared for debate until fact sheets prepared by civil servants are ready for exclusive distribution to the Liberal caucus?

Mr. Macdonald (Rosedale): No fact sheets are being prepared by public servants, Mr. Speaker.

Mr. Speaker: Order, please. I doubt very much whether the question asked by the hon. member was in order and I trust that any further question he may wish to ask is not a supplementary or a related question.

Mr. Bell: The minister has given me an answer to my question and I accept his word. Will he also assure me that public servants are not preparing these fact sheets for distribution to the Liberal Federation of Canada?

Mr. Macdonald (Rosedale): As I say, I do not know of any such activity. If the hon. member has any evidence I will be glad to talk to him about it.

[*Translation*]

EXTERNAL AFFAIRS

ALLEGED SURVEILLANCE OF QUEBEC MINISTERS TRAVELLING OUTSIDE CANADA

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I have a question for the Secretary of State for External Affairs.

According to certain reports, Quebec ministers travelling abroad are closely watched by a security service of the federal External Affairs Department. Could the minister give us the reasons which have led his department to exercise such a surveillance over Quebec ministers travelling outside of Canada?

Mr. Speaker: I think that question should appear on the order paper.

[*English*]

TRADE

WHEAT—DISCUSSIONS WITH U.S.S.R.

Mr. George Muir (Lisgar): Mr. Speaker, in the absence of the Prime Minister I will address this question to the Secretary of State for External Affairs. In view of Australia's success in selling 82 million bushels of wheat to China and the apparent failure of Canadian negotiators to make a sale of similar proportions to that country, can the hon. gentleman report on the negotiations which our country is conducting with Russia with regard to sales of wheat?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The advice I have received is that the negotiations are progressing favourably. That is the only information I have at the moment.

WHEAT—AUSTRALIAN PRICES IN SALE TO CHINA

Mr. A. P. Gleave (Saskatoon-Biggar): Since the Minister of Agriculture is not in the House I would direct this question to the Secretary of State for External Affairs. In light of reports that Australia has negotiated the sale to China of some 82 million bushels of wheat at a price of about $100 million, would the government be prepared to investigate the situation and inform the House whether this deal was made at prices substantially below those currently prevailing under the International Grains Arrangement?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I will refer this question to the minister responsible for the Wheat Board to ascertain whether he can find out at just what prices these sales were made.

NATIONAL DEFENCE

BASE CONSOLIDATION—EFFECT ON MARITIME PROVINCES

Mr. J. M. Forrestall (Dartmouth-Halifax East): I should like to ask the Minister of National Defence whether, when he has finished writing the second chapter of his work on base consolidation—a very unpopular book and one which is by no means a best-seller—he will append an assurance that there will be no further difficulties created by base consolidation for the economy of the Maritimes, especially in light of today's shocking announcement by Fairey of Canada?

Hon. Léo Cadieux (Minister of National Defence): If I seem to be hesitant about answering that question, the fact is we have not finalized that report. So far the intention is that there shall not be any further change of the situation in the maritime provinces.

Mr. Forrestall: I thank the minister for that assurance, because it is an important one. I would have directed this question to him earlier had he not been temporarily out of the

House. Can he assure hon. members and the people of the Maritimes that the promise given to civic leaders, provincial leaders and others will be maintained with respect to the withdrawal of defence services generally?

Mr. Cadieux (Labelle): The last word used by the hon. member was "generally". I would say that generally I am disposed to keep as much as possible in the Maritimes.

Mr. Walter C. Carter (St. John's West): Can the minister tell us whether Vice-Admiral O'Brien, commanding officer of the Canadian Forces Base at Halifax, was expressing government policy when he said in a speech at St. John's on December 4 that the Canadian Armed Forces—

Mr. Speaker: Order, please. This question is not in order. The hon. member cannot ask a member of the cabinet to express an opinion on whether a statement made outside the House by a person other than a cabinet minister represents government policy.

EXTERNAL AFFAIRS

PASSPORT OFFICE—PLANS TO AVOID DELAYS

Mr. Max Saltsman (Waterloo): I wish to direct my question to the Secretary of State for External Affairs. Bearing in mind the difficulties experienced this year in the passport office, is his department making plans to prevent a problem of this kind arising in the future and, if so, is he prepared to make a statement to that effect?

Hon. Mitchell Sharp (Secretary of State for External Affairs): I received a report this morning on the plans that have been made to open regional offices, which I hope will be of some help in easing the situation. As soon as these plans are completed, either I shall make a statement or a statement will be issued for public information regarding the date on which these offices will be open for business. I hope these steps will help in meeting the problem next year.

GREECE—PROTEST RESPECTING TORTURE OF PRISONERS

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs whether, on behalf of the Canadian government he is taking any position with regard to the alleged torture and repression in Greece or whether the government of Canada is simply sitting back and waiting for the Council of Europe to show some initiative?

Hon. Mitchell Sharp (Secretary of State for External Affairs): It did seem to the Canadian government that since this matter was the subject of a very special inquiry in connection with which a confidential report was being made to members of the Council of Europe, it would be wise for us to wait until this part of the inquiry had been completed. However, if we obtained information which would justify it we might take action ourselves. We certainly would not want to prejudge the situation, nor can we see any reason for taking action ahead of the Council of Europe.

Mr. Stanfield: Did the Secretary of State seek any assurance from the minister representing Greece at the NATO conference with regard to this matter?

Mr. Sharp: The foreign minister of Greece was not present at the NATO meetings in Brussels and the matter was not raised; it was not on the agenda.

Mr. Stanfield: I understood the minister to say, in the course of his statement that he had conferred with the minister from Greece. If I misunderstood him, I extend my apologies.

Mr. Sharp: The hon. gentleman may have heard me refer to Turkey; it was not Greece.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): If no action is taken by the NATO governments will the Canadian government consider raising this question at the ministerial meeting which is scheduled, I believe, for May?

Mr. Sharp: Mr. Speaker, I am quite sure the matter would be before the NATO meeting, particularly, of course, if a decision had been taken to expel Greece from the Council of Europe. I think hon. members will recognize, however, that NATO is a defensive alliance. It is concerned with the security of the whole of western Europe, including Greece and Turkey. One would have to question the desirability of taking action to expel a member from a defence alliance which would result in weakening the alliance, thus making it more vulnerable to attack.

[*Later:*]

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Secretary of State for External Affairs which

I ask for purposes of clarification. Did I understand the minister to suggest that the existence of a dictatorial regime within NATO was compatible with the constitution of NATO?

Mr. Speaker: Order, please.

MANPOWER

HAMILTON—ASSISTANCE TO CIL EMPLOYEES LAID OFF

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Acting Minister of Manpower and Immigration or perhaps I should direct it to the Minister of Labour. In light of the announcement this morning that CIL in Hamilton has sold certain property to Dominion Foundries and Steel, would the minister advise whether the announcement has been brought to his attention and whether everything is being done that can be done to relocate some 335 people, to make special retirement arrangements, etc.

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, CIL did have the courtesy to notify me last week that it intended to sell some of its property and to close out some of its operations in Hamilton. I believe company officials also met with officials of the Department of Manpower in order to work out, in conjunction with the department, ways and means to reduce the effect of lay-offs. In their press release this morning, of which I have a copy in front of me, the company mentions it will provide financial assistance and in some cases make special retirement arrangements for those whose employment is terminated, as well as setting up retraining plans in co-operation with the federal Department of Manpower.

INDIAN AFFAIRS

DENTAL SERVICE FOR HIGH SCHOOL STUDENTS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Minister of National Health and Welfare, but in his absence may I direct it to his Parliamentary Secretary. It arises from charges made by the principal of Sir Winston Churchill collegiate in Fort William that Indian students cannot get needed treatment because local dentists are fed up with the interminable delays and red tape in Ottawa.

Mr. Speaker: Order. The question should be asked directly rather than prefaced by a statement made outside the House.

Mrs. MacInnis: I am sorry, Mr. Speaker. Will the minister investigate these charges and let the House know his findings?

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, these charges have been investigated by the acting director of medical services, who has informed me that Ontario dentists have been authorized to perform, on their own judgment, $40 worth of services in the case of an individual Indian student. To ensure that Indian students receive adequate dental care, for elective or special dental work, such as the provision of dentures, a dentist is paid for a report outlining the extent and cost of special dental work.

According to the information supplied to me, it takes approximately 10 to 14 days for the final processing of such a report. We have been assured that any delay in this matter is out of the control of our department.

Mrs. MacInnis: A supplementary question, Mr. Speaker. Might I ask the Parliamentary Secretary whether he could let the House know when this figure of $40 was established?

Mr. Haidasz: Yes, Mr. Speaker; on March 18, 1969.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO LEGISLATION

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Minister of Labour. Would the minister indicate when the House can expect the introduction of new legislation in the area of unemployment insurance benefits, as promised in the Speech from the Throne in October?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I think the reference in the Throne Speech was to a proposed white paper, or to some outline for the consideration of all members, regarding changes in the Unemployment Insurance Commission Act. I hope the matter will be dealt with in the fairly near future, possibly early spring.

Mr. Lundrigan: A supplementary question. In view of the fact that the House is expecting a white paper, could the minister indicate whether we can expect the new legislation to

be introduced during this session? The minister has indicated there will be a white paper forthcoming.

Mr. Mackasey: Mr. Speaker, this depends to a great degree on the co-operation that the hon. member and others interested give me when the paper comes forward.

PENITENTIARIES

GUARDS' PAY INCREASE—OFFER BY GOVERNMENT

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I have a question for the Solicitor General of Canada. In view of the offer by the government of a 2 per cent pay increase for prison guards in 34 federal institutions, would the minister advise the House whether he considers this offer of 2 per cent to be a reasonable basis for contract negotiations?

Mr. Speaker: Order. I suggest that the question as asked is not in order.

HOUSE OF COMMONS

ATTENDANCE OF MINISTERS DURING FEDERAL-PROVINCIAL CONFERENCE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I have a question for the Government House Leader. In view of the fact that eight ministers out of a roster total of 30 are in the chamber today, can the minister advise whether this is to be the percentage of attendance in the House for the remainder of the federal-provincial conference?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as the hon. member has indicated, the low attendance of ministers and the absence of the Prime Minister are due to the conference. I would have to check into this. The number of ministers who will be available to attend in the House very much depends on the progress made on the various items on the agenda of the conference.

• (4:00 p.m.)

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—NON-CONFIDENCE MOTION—FAILURE TO ESTABLISH COMMITTEE ON URBAN PROBLEMS

Hon. Robert L. Stanfield (Leader of the Opposition) moved:

In the opinion of this House, the government by failing to establish a parliamentary committee to concern itself with the problems of urban people of Canada has neglected an important means of coming to grips with those problems and this House urges that such a committee be established forthwith.

He said: Mr. Speaker, not very far from this chamber in which we are meeting another meeting between the leaders of the governments of the ten provinces and the Prime Minister of Canada (Mr. Trudeau) and his associates is taking place. There, they are discussing the constitutional framework within which Canada will exist in the future. They are discussing the division of powers between the two levels of government. They are discussing the use of the spending power by the government of Canada. They are discussing the taxing powers; that is to say, the allocation of revenue sources between the federal and provincial governments. They are also discussing the question of regional disparities.

There is, as we all know, a third level of government in this country, a third level of government that governs the same Canadian citizens and admittedly the same Canadian taxpayers, but which governs them in a different way and under a different jurisdiction. In many respects, it is a level of government that is closer to the people.

We recognize generally, I think, that burdens on municipal governments today are extremely heavy. These governments bear onerous responsibilities to their people, responsibilities that are growing in weight, becoming even more complex and bearing very strong personal, human and social implications. They are also responsibilities that are growing in cost. One might say that they are growing in cost at an enormous rate, though the same can be said at all levels of government.

Municipalities are, of course, more limited than any other level of government so far as access to sources of revenue is concerned. Property tax and grants from the provincial treasuries pretty well make up the list of sources of revenue available to municipalities. They have difficulty in financing services and therefore, in some cases at least, there is a decline in the quality of municipal services. Certainly, there is a great deal of inequality and disparity from municipal government to municipal government in various parts of the country. Indeed, I think there is an acknowledged inadequacy of municipal services relative to the need in almost all cases. I have very serious concern as to whether our provincial governments have the financial resources to cope with this severe situation in

association with the municipalities and within their jurisdiction. All these problems are germane to the present motion before the House. They are perhaps more relevant to a discussion which will probably take place later this week on the problems and prospects of Canadian cities. I understand two days are being set aside later in the week for the purpose of such a discussion.

Suffice it to say for now that municipalities are bystanders at the constitutional conference. They do not have a seat or a direct voice in respect of constitutional review. I am not assuming in presenting this motion that they ought to have such a seat or voice directly. Certainly, I am not saying in presenting this motion that we ought to attempt to re-divide constitutional powers or responsibilities among three levels of government rather than two. The chances are that things would be even more chaotic then than they are now. The problems and responsibilities of municipal governments will have to be brought more adequately into discussions of constitutional review. We will be dealing with this in more detail later on in the week, assuming that the Government provides the opportunity to do so by setting aside the two days that have been discussed.

Mr. Macdonald (Rosedale): Mr. Speaker, perhaps I could just point out to the hon. member that as indicated, after discussions with his house leader, because we are not getting through previous business we will not be able to hold to that timetable.

Mr. Stanfield: We will have an opportunity before too long, as I understand the intention of the Government, to take part in such a debate. In any event, I want to emphasize today that municipal governments are not only left out of effective participation in the process of long term constitutional review—that is the process of determining the future shape of our country—but as well, with pressing problems facing the people who live in our cities, the municipalities are not receiving the attention of Parliament or the attention of the Government of Canada. That is the reason for this motion.

The hon. member for Hamilton West (Mr. Alexander) tried some days ago to obtain the unanimous consent of the House to move for the establishment of a committee to provide the type of forum suggested today. He was denied consent by some of the urban members on the Liberal benches. I am glad to see quite a number of Government members from our cities here today, Toronto for example. I thought we might have to send our whip out to get them. At Harrison Hot Springs there took place what some people thought was a confrontation between the Prime Minister (Mr. Trudeau) and some of the urban members of his own party. Actually, Sir, it was just sort of a love spat.

May I say it is implicit in the proposal that is put before the House today that a parliamentary committee should be established. Implicit in this, is our belief that Parliament as an institution, and members of parliament as individuals, have a positive contribution to make in the development of an effective urban policy for Canada. A refusal by the Government must be regarded as one more attempt by the Prime Minister and his cabinet to limit the role of Parliament and the role of parliamentarians. A refusal to accept this motion would cast more light on this Government's attitude toward participatory democracy and on its reasons for urging what it calls parliamentary reform.

I have expressed my view and my fears before that reforms imposed by closure on Parliament last summer indicated a desire to make Parliament more subservient to the Government. If I correctly read the transcript of the television interview, yesterday, I think, by the independent member for Spadina (Mr. Ryan) that fear was also shared by some members of the Government caucus at that time. The hon. member for Spadina indicated that, at the same time the Government was tightening controls on Parliament it was also tightening controls on its own caucus.

The official word was that the committee system of Parliament would be reformed to allow private members a more active role. Anyone familiar with the workings of this House, however, knows that although members might be busier in committee now they are certainly not more influential. The government retains the power even to change the reports of committees. It clearly retains the power to impose a party line upon Government members of a parliamentary committee.

It is early yet to call that reform a sham, but it is time to say that the Government attitude toward the committees of Parliament has not revealed a willingness to give any real freedom or really important function to private members of Parliament. If the Government refuses now to establish even a committee concerned with urban affairs, it will confirm I suggest its contempt for the private members

of its own party and of Parliament. It will indicate that in the view of the Government it is not only the members of the Opposition who are nobodies.

In that connection, and because it is important to the principle of giving private members and Parliament a useful role in meeting the urban challenge in Canada, I want to quote very briefly from an article by Mr. Gordon Pape in the November 26 issue of the Montreal *Gazette*. He had quoted earlier in the article statements by Mr. Marc Lalonde, the principal secretary to the Prime Minister. Mr. Lalonde was talking about the conference at Harrison Hot Springs and the suspicion with which the Government would regard any recommendations which differed from its own policy. Mr. Pape wrote:

> What he appeared to be telling the other members of his discussion group was that only the Government is in a position to formulate valid policy because only it has access to all the relevant information required to do so. If the party decides on some other course, it is not because the Government is wrong, but only because the policy it has chosen has not been explained fully enough.
>
> The inescapable conclusion, if this is really what he meant, is that the only realistic role of party members is to follow the course chosen by their leaders since the chiefs are the only ones in possession of enough facts to make meaningful decisions.

Earlier Mr. Lalonde had said that if a Liberal policy conference disagreed with the Government and, therefore, by his logic indicated that the policy conference was wrong, then the cabinet ministers would have to get out and do a selling job. It is thus established that the East Block views members of cabinet as salesmen. It is interesting to speculate what views the East Block may hold toward mere members of Parliament.

Perhaps they would let them do a little selling as well. Perhaps in the view of the East Block the role of urban members of Parliament is to tell the people what the Government is doing for them. Therefore the hon. member for Winnipeg South Centre (Mr. Osler) can go back and tell the people of Winnipeg that Ottawa is making them, in the words of Mayor Juba, the largest Indian reservation in Canada, without the benefit of adequate federal help to meet the cost of welfare and unemployment. The hon. member for St. Henri (Mr. Loiselle) can then go back to Montreal and say, "Look at all the lovely unemployment". The members from downtown Toronto can go home and tell their constituents how effectively the Government is applying immigration laws to keep their families out. That is the role of the urban member in the just society.

• (4:10 p.m.)

It is significant that two of the members on the government side who represent relatively low income constituencies in downtown Toronto have resigned positions they held, one in the Liberal cabinet and the other in the Liberal caucus. Those are both rather extreme steps to take. They reveal a very profound dissatisfaction with government policy in areas where Canadian urban problems are most acute.

Mr. Crouse: This is just the tip of the iceberg.

Mr. Stanfield: We assume that they are not the only urban members on the government side who are concerned about the failure of Parliament to help solve the problems of the cities and of the people who live in cities. Indeed, that sounds suspiciously like the plea that brought many of the government members into Parliament in the first place. We hope we will hear from them this afternoon and this evening. We also hope that they will match their words with action by supporting the proposal for a parliamentary committee. I want to assure them that we do not hold so harsh a view of them as do some of their "betters" in cabinet.

I am sure hon. members opposite were interested to read the column of that well known political commentator, Douglas Fisher, in the *Telegram* of December 5. Mr. Fisher was discussing the resignation from the government caucus of the hon. member for Spadina (Mr. Ryan). He wrote:

> One minister told me: "It's always the quiet ones who make the clean moves. We've been listening to Givens and Otto complain and grandstand for several years. They want the reputation of being independent. But it was the guy who never hectored or played his wrongs to the media who bolted. A lot of us feel badly over that; however, it won't make us an easier mark for the bellyachers."

If there are any bellyachers over there, I leave it to them to decide which diplomat in the cabinet offered that judgment. Perhaps they might take the opportunity today to indicate to their constituents just where they stand on questions of a role for Parliament in urban affairs. I give you my personal assurance that this is one vote your constituents will hear about.

We can say this for the hon. member for York West (Mr. Givens). Of the two inanimate objects which he helped to bring to Nathan Phillips Square, the Archer has been more useful to Toronto than the Prime Minister (Mr. Trudeau) to date, and in the end it will probably prove even more popular.

Many parts of Canada have been disappointed by this government. But the dejection and defection in the cities is particularly critical, precisely because it affects so many young Canadians and so many of the active and talented people whose energies and dedication the nation needs.

It is to the credit of the Prime Minister's election campaign that he inspired among this critical minority an excitement about Canada. If his campaign turned them on, however, his performance is turning them off, and turning them away. It is making cynics of the people upon whose dynamic optimism the country depends.

The Prime Minister makes much of a claim that he promised next to nothing during that election campaign. That is presumably his excuse for doing next to nothing in office. But the fact is clear that, whatever was said, the Liberal party consciously campaigned on the promise that it would form a modern government, oriented to the young, to the future and to the cities. When the Prime Minister said "come, follow me", Canadians assumed he meant to go somewhere, he meant to take them forward, not that he was going to ask them to go backwards with him. This government has demonstrated no more interest in the cities than it has in the poor. It treats them as problems to shift to other jurisdictions, rather than problems to solve or challenges to meet.

This motion should have the support of all members of the House. Certainly, it is inconceivable that any member from a large city riding could possibly vote against it. In a moderate and constructive way, this motion represents one step to halt the growing alienation of city dwellers. There is a crisis of confidence in the cities. People are quickly losing confidence not just in the present government, although that is certainly true, but in the capacity of governmental institutions generally to cope effectively with their problems. There is disillusionment and frustration in the cities. It is very serious, and must be taken seriously by Parliament.

It is my strong conviction that the government is not using the potential of the present constitution for a federal role in the cities in connection with urban problems, admittedly as a partner, but as a working partner. The municipal structures of government are unquestionably the constitutional responsibility of the provinces. So are generally all things of a merely local or private nature in the province. But to argue, as the Prime Minister seems to, that the federal government is constitutionally crippled when it comes to cities and their people, is illogical in my view.

The federal government, under our constitution, has a great many powers related to urban matters. Its role in housing and urban renewal is not seriously challenged. It is also responsible, for example, for major decisions concerning airports and their services, and all forms of rail transportation, which surely provides a legitimate basis for an active role in urban transit problems in co-operation with the provinces and municipalities involved. The federal government is responsible for its own great variety of federal buildings, facilities and installations, and for all those of the Crown agencies which can put it in the middle of major urban planning. Federal jurisdiction over communications in the widest sense, from that of land wire and microwave systems to the postal authority, offers opportunity for a more active, instead of a passive, federal presence in the cities.

My disposition is to use the latitude of the present constitution and find ways for the federal government to be useful to the people who live in our cities. In my view, a parliamentary committee on urban problems could be concerned with the federal role in helping to solve problems, always in co-operation with the other two levels of government.

Three main responsibilities occur to me for such a committee as I am proposing: first, to provide a national forum and a national focus for the discussion of urban problems and their consideration. Second, the committee could hear directly from municipal governments and provincial authorities in a public way on how the federal involvement in our cities can be made more effective on a continuing basis. Third, the committee could discuss and make periodic recommendations to Parliament and to the government on specific problems and opportunities for federal action or assistance.

I could have added a fourth role for this committee, to the effect that the committee could also provide an opportunity for some of the members of Parliament on the government side of the House to make the kind of representations about urban problems that

they are unable to make now except perhaps privately.

• (4:20 p.m.)

It is fitting that this debate should occur on the very day that another round of constitutional discussions begins. The fact that the problem of the constitution and the problem of the federal role in the cities are being discussed in different places on the same day indicates that, to a large degree, they are separate questions—not entirely, but to a large degree. Of course, there are constitutional implications. There are constitutional implications to virtually everything in a federal state, if you insist on getting hung-up on them. In the case of a federal role in the cities, many of the constitutional implications are substantial. But the fact remains that the government and the Parliament of Canada can do much more to help out in the cities, to help with urban problems, without changing a comma in the existing constitution of Canada.

It is recognized that the Prime Minister has a mental block about the constitution, and has imposed his view on the government. But what is at issue here is not so much a concept of federalism as a concept of active government compared to passive government. The federal government has the power. It is already active in the cities, causing problems if not solving them. Our desire today is simply to acknowledge that role and that obligation, to establish some machinery which will symbolize the concern of Parliament with urban Canada and urban problems, and allow this body to work systematically on the proper exercise of the existing federal power in connection with urban affairs.

I challenge hon. members from urban areas to vote for this motion, to state clearly and unequivocally that as a first step we want this committee to be set up and to get to work—yes, get to work, Sir—to bridge the gap between the urban citizens of Canada and their national institutions. So, Sir, I move the motion that you have put to the House.

Mr. John Gilbert (Broadview): Mr. Speaker, the members of the New Democratic Party would like to commend the Leader of the Official Opposition (Mr. Stanfield) for bringing this motion to the attention of the House at this time, urging the necessity of setting up a parliamentary committee to concern itself with the problems of urban people. Not only do we support this motion, but we would move one step further by recommending the establishment of a separate ministry of housing and urban affairs, with a full-time minister, so that once a committee does reach conclusions or recommendations on these problems we would have a full-time minister to implement them.

The Leader of the Opposition has given two reasons why he brought this motion to the House at this time. I would suggest a third reason. The recent United States presidential commission report on crime and violence has sparked and prodded many members to take a good look at what is happening here in Canada. That commission made two important findings. The first is that violent crime in the United States is primarily a phenomenon of the cities. This is a fact of central importance. The New York *Times* recently published excerpts from the commission's report, and from it I quote:

> Large cities have the highest reported violent crime levels per unit of population. Smaller cities, suburbs and rural areas have lower levels. The average rate of major violent offences in cities of over 250,000 inhabitants is 11 times greater than in rural areas, eight times greater than in suburban areas, and five and one-half times greater than in cities with 50,000 to 100,000 inhabitants.

The second important finding of the commission was that violent crime in the city is concentrated especially among youths between the ages of 15 and 20 years. Again I quote:

> Urban arrest rates for homicide are much higher among the 18-24 age group than among any other; for rape, robbery and aggravated assault, arrests in the 15-24 age group far outstrip those of any other group. Moreover, it is in these age groups that the greatest increases in all arrest rates have occurred. Surprisingly, however, there have also been dramatic and disturbing increases in arrest rates of the 10-14 age group for two categories—a 300 per cent increase in assault between 1958 and 1967, and 200 per cent in robbery in the same period.

This indicates the extreme urgency and importance of this matter at this time.

Not only did the U.S. commission present recommendations and findings but it also projected what might happen if immediate remedial action is not taken. For instance, it states that central business districts in the hearts of cities will be frequented by business people and shoppers during the day time, and thus will be afforded protection by these people, but in the evening they will be deserted except for police patrols. This report also indicates that high rise apartment buildings will become fortified cells protected by private guards and security devices; that suburban areas will be protected only by their

distance from densely populated areas, and that the ownership of guns will become almost universal. Central residential neighbourhoods and streets will be unsafe in differing degrees with ghetto slum neighbourhoods becoming places of terror, entirely out of police control in the evenings. Armed guards will be protecting schools, libraries and playgrounds, and there will be an intensification of group hatred, more violence, and the defensive response will become more elaborate.

These were the findings of the U.S. commission on crime and violence, and this bad dream could become a reality in Canada. This fact has worried many Canadians, especially in light of the recent riots in Montreal. Everytime I hear the words "commission" or "task force" I am reminded of the quip of a U.S. congressman who said that a short time ago when Americans were confronted with a problem they usually threw money at it and hoped it would go away. But later they developed a more sophisticated response and set up commissions and task forces to meet problems. We have the same experience in Canada. I can think of the task force on housing, the commission on drugs, the Senate commission on poverty, the veterans affairs study, the recent studies on corrections and juvenile delinquency and the recent and important study on labour. Yes, Mr. Speaker, we have set up many commissions and task forces, but have taken very little action with regard to the problems.

One of the main reasons for the lack of action is the attitude of the Prime Minister (Mr. Trudeau), something referred to by the Leader of the Opposition. It seems that the Prime Minister is claustrophobically ensconced in a constitutional straitjacket and is not willing to move on some of these major problems. If we were to implement some of the recommendations that have been made by commissions and task forces in Canada we would be taking a big step towards alleviating the problems of the urban dwellers.

Now, Mr. Speaker, what are the problems of urban people in Canada? Briefly stated they are poverty, unemployment, a housing crisis, drugs, alienation of youth, and the changing role of the family. It has become a cliche to say that we live in a rapidly changing society, yet this has never been more true than it is today. In 1980, 80 per cent of all Canadians will live in urban centres, compared with 70 per cent in 1961, and Canada will be made up of urban families with an urban style of life. The average family, Mr. Speaker, will decrease in size from three or four to one or two, reversing the tendency of the last 40 years. Both married and single women will participate more actively in the labour force. Women will be better educated and many married women will work throughout their married lives, withdrawing only for brief periods of motherhood activities. The mother's income has become, and will continue to be, essential to provide the goods and services available.

• (4:30 p.m.)

Canadians are being forced out of their single family detached dwellings into high-rise apartments, thereby becoming cliff dwellers. Young people are maturing earlier, both physically and in social sophistication. Many are remaining longer in universities and technical schools in order to equip themselves for the technological labour force. Fathers are losing the traditional role of breadwinner and "pater familias" and the mother's income has become an integral part of the family income. This is changing the family picture and very little can be done about it; however, there are other areas in which much can be done.

The first problem is that of poverty. Canadians are perplexed by the continuing spectre of the poverty level income on which 30 per cent of the population lives.

In a recent study by Mrs. J. R. Podoluk entitled "Incomes of Canadians", she stated:

> The 1961 census shows that some 916,000 non-farm families and 416,000 individuals—a total of about 4,200,000 people, including 1,700,000 children under 16 years of age—are in the low-income group. In addition, the number of farm families in the low-income group is estimated to be 150,000 consisting of possibly 550,000 persons, or more than half of the estimated 275,000 families primarily dependent on farming for a livelihood. The total estimated low-income group is thus just under 29 per cent of the population. The Dominion Bureau of Statistics identifies low income as less than $1,500 for one, $2,500 for two, $3,000 for three, $3,500 for four and $4,000 for five or more in 1961 dollars.
>
> These amounts are based chiefly on the criterion that any individual is in the low-income group if he has to spend 70 per cent or more of his income on the necessities of life, i.e. food, clothing, shelter.

A quick accounting would indicate that 4.8 million people in Canada live below the poverty line. In other words, poverty is a harsh reality in our country today and it is no longer measured in statistical terms. If poverty is measured in the classical sense of people literally starving to death, unable to sustain life, then poverty is eliminated in Canada

because it would only involve 1 or 2 per cent of the population. If it is measured as a condition in which families or individuals are entirely dependent upon welfare for food, clothing and shelter, then it has been reduced to minimum proportions. But if we measure poverty as a denial to some individuals and families of a reasonable share of what science, technology and the general economy has made available, that is education, good health, privacy and leisure activities—the style portrayed in television and the glamour magazines—then 80 per cent of Canadians are impoverished.

We have to look at poverty in a new sense and with a new definition, Mr. Speaker. As has been stated, a person is poverty stricken when he has a deep sense of inequality and feels an economic exclusion and alienation from the wider society in which he lives. Surely, that must apply to many groups in Canadian life today, more especially our youth—the single parent families, the blind and disabled, the retarded, the senior citizen, the unemployed and the homeless people.

What can we do about them, Mr. Speaker? I should not say what can we do, but what must we do? First of all, we must maintain and create a high rate of economic growth with a high rate of employment. I hope the Minister of Labour (Mr. Mackasey) is listening to this, because it is very important. Employment is the key to the poverty problem. When a person has a sense of achievement, a sense of dignity, a sense of pride and respect, these go a long way toward establishing a full and secure life. People had some of these values in wartime when there was full employment. Since the war, unemployment has increased and it is necessary that we strike at it and strike hard.

When I think of how the Minister of Finance (Mr. Benson) and other cabinet ministers are attacking the problem of inflation, by increasing unemployment, I am not given much encouragement nor, I am sure, is the Minister of Labour. No person should be in a disadvantageous position simply because of his place of birth, province of residence or change of location. I am sure the Minister of Labour will agree with this.

The second approach to the problem of urban people, Mr. Speaker, should be a well-defined policy of housing and urban planning. In the recent report of the task force on housing, the following statement appears:

> Here, too, is poverty in its rawest and ugliest form. No pretty garden or painted cottages here to camouflage economic depression. Poverty in the worst areas of the city core is abundantly visible in the decrepit structures which form its housing, the cracked pavement of the streets which are its recreational area, and the rodents which are its wild life. This poverty you can see and hear and taste and smell. Its residents are not simply families struggling to catch up to the average national income; too often they are people fighting to retain a vestige of human dignity and self-respect. No task force impression is more vivid of mind or depressing of spirit than those formed amid the blight and slum of Canada's larger cities.

Reading that, and remembering the fanfare when the task force presented its report as well as the whambang cross-country campaign, one wonders what happened to the recommendations of that task force. In fact, more than half the recommendations were on mortgage financing which would draw monies on housing to the upper-middle and upper classes, increasing the limit on mortgages to $35,000. In fact, Mr. Speaker, the report is a rejection of the pleas for additional funds for low-income housing, for public housing and urban renewal. Public housing became the whipping boy of the minister of the day. Now, we are most anxiously waiting for guidelines with regard to public housing and urban renewal.

It appears as though we are having trouble reaching the target of 200,000 homes in 1969. We in the New Democratic Party say there should be 250,000 to catch the shortfall of previous years; there should be land banks and direct loans to municipalities with low interest rates. The other day when I heard the Minister of Finance say that interest rates are "too damn high", the thought occurred to me that of course he is the man to correct them. But the minister just sits lazily by thinking that the market mechanism will reduce the interest rate.

An hon. Member: May I ask a question?

Mr. Gilbert: Yes, when I have finished my remarks. It is going to take strong action, not only by the Minister of Finance but also by the Minister without Portfolio in charge of housing to bring back interest rates to a reasonable level. This, Mr. Speaker, is the second area in which the government could take action.

Then, as a third point, there should be a co-ordinated social welfare approach to welfare problems. We have reached the stage where a guaranteed annual income is very necessary to purchase the necessities of life and to enjoy some of the niceties of life as well. Those people who cannot work, the blind, disabled, and the senior citizens should

be added to the scheme. I cannot help but think of the statement of Gunnar Myerdal, the Swedish economist who said that in his country senior citizens are given a pension which amounts to one-third of their total income during the best ten years of their working lives. This is supplemented by other government measures, so that they do not feel rejected or lonely in the later years of life. Surely, the giant corporations could be made aware of our economic and social needs and not merely pursue their own ends, the attainment of which is helped by advertising and sales pitches.

• (4:40 p.m.)

Our government should also make sure that the various distinct groups of our population can participate democratically in the running of their own affairs. Our young people at universities, schools, and elsewhere in the community are becoming increasingly alienated from society. Surely, our young people could become more actively involved in the process of decision making, as that pertains to education. They should have something to say about the use of drugs, which loom so large among our young people today. Voting by itself, is not enough. Our citizens must be involved in what is happening around them. Advisory committees made up of citizens could look into matters pertaining to urban renewal as well as to other social problems.

May I at this time move an amendment to the motion. I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

That the motion be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

'and this House also urges that the Government give consideration to the establishing of a Department of Housing and Urban Affairs and the appointment of a full-time Minister thereof.'.

By adopting this amendment we shall be able to implement some of the recommendations of the many task forces and commissions which have been established to inquire into our problems. If we improve the quality of life for all our peoples, the problem of over-crowding, the tensions existing between various nationalities and races and different age groups in our cities will subside and city life will become characterized by security, creativity, development, and peace. I am sure that not only members of the NDP but all hon. members of this House want to see such a state of affairs brought about. We ask the government to act now and to implement some of the recommendations which have already been made by task forces and commissions.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I am glad to have the opportunity of participating in the debate on this question, particularly because of the way the Leader of the Opposition (Mr. Stanfield) has formulated what he calls his and his party's challenge to the House. I think, for reasons I will go on to cite, it will readily be apparent that he will not find the support he wants, simply because he is not believable. He is not believable, Mr. Speaker, simply because hon. members as well as members of the public will ask themselves why a man who supported a decision last year to abolish the committee on housing, urban development and public affairs would be motivated this year to establish one. What reason has he given in the interval to support his change of heart in this regard. He says that the failure to establish this type of committee is an attempt on the part of the government to limit the role of parliamentarians on an important public question. Well, if that is so, then he must have been an abettor in that effort last year.

The hon. member says that the government's rejection of his proposal will really confirm its contempt for private members. If that is so, apparently he shared that contempt last year. He says that the constituents of all hon. members will certainly learn of any hon. member's support or non-support of the proposal. I think those constituents will also learn of the position adopted by the Leader of the Opposition in this House on this question. Therefore, in responding to this matter, Mr. Speaker, I should like to focus attention first on the very narrow basis upon which the Leader of the Opposition has put it, namely, the procedural objection that a parliamentary committee has not been established to deal with the question of urban problems.

The most obvious reply to that comment and criticism is that we established a structure for setting up standing committees last year by unanimous consent of the House, and neither the Leader of the Opposition nor his followers appear to have thought it important on those two separate occasions in the previous session to insist on the setting up of a committee to deal with these problems. They must have come to a conscious decision on this question—

An hon. Member: What about those rules?

Mr. Macdonald (Rosedale): —because they had to abolish the committee that had existed under our rules. Under the previous rules, that is those in force between 1964 and 1968, standing order 65 made provision for a standing committee on housing, urban development and public works.

Mr. Aiken: Who changed the rules?

Mr. Macdonald (Rosedale): May I remind my hon. friend that he and his colleagues unanimously agreed to that change. As the House knows, the subject matters of the standing committees were specifically considered by the House as a whole on two separate occasions, as well as by the special committee on procedure.

On September 20, 1968, the House approved unanimously, with the participation of the hon. gentleman opposite, a new distribution of responsibilities for standing committees which eliminated the previous committee on housing, urban development and public works.

An hon. Member: Shame.

Mr. Macdonald (Rosedale): That was an interim decision only to bring into force the provisional standing orders for the fall of 1968, and it was a unanimous decision supported by the Leader of the Opposition, the hon. Member for Hamilton West (Mr. Alexander), the mover and seconder of this resolution. But that was not the final disposition of the matter.

The names and subject matters of the standing committees were discussed in the special committee on procedure which sat last fall, and I can recall no insistence or even discussion on the part of hon. members opposite on the creation of a committee to deal with housing or urban affairs. I submit that the record of that committee will bear me out.

It will be recalled that the House again had an opportunity of considering, and at some length as hon. members may recall, in December of last year the question of the establishment of a committee on urban affairs. On December 20 of last year it decided, again unanimously and in the presence of the Leader of the Opposition, that no such committee should be established as a standing committee of the House.

Mr. Aiken: Has the minister never heard of special committees?

[Mr. Macdonald (Rosedale).]

Mr. Macdonald (Rosedale): The hon. member asks about special committees. If this is a matter of such great concern, why should the hon. member only seek to establish such a committee on an ad hoc basis? Surely, he would want a standing committee to deal with the question. The fact is that the question of urban affairs has not been considered actively by members of the official opposition in that committee of the House which has the responsibility for this subject, namely, the standing committee on health, welfare and social affairs, and that is confirmed by an examination of the proceedings of that committee. Hon. members did not show the interest they seem to have displayed since, when they had opportunities to examine this question; that, as I say, is confirmed by an examination of the proceedings of that committee. While the committee had the revised main estimates for 1968-69 of Central Mortgage and Housing Corporation before it, it does not appear from the committee's proceedings that the question of housing and urban affairs was discussed at all in that committee. I am speaking of the committee on social policy. The matter was not discussed in the fall of last year.

Mr. Aiken: There were lots of things to discuss.

Mr. Macdonald (Rosedale): I am interested to hear the hon. member for Parry Sound-Muskoka (Mr. Aiken) suggest that he and his colleagues did not have the opportunity to discuss this matter. Presumably he is referring to his friend, the housing critic from Hamilton West.

Mr. Alexander: Thank you for recognizing me.

• (4:50 p.m.)

Mr. Macdonald (Rosedale): That hon. member is an active student of the question of housing, a man whom one would expect to take an active part in any consideration on the question of housing at any time it comes before this House or one of its committees. Let us take a look at the record in this regard because the Committee on Health, Welfare and Social Affairs had a further opportunity to discuss these questions when the estimates for Central Mortgage and Housing for the present year were again before the committee, that is between the months of March and May of this current year. The committee showed more attention this time, but it was still prepared to let the question pass with

comment on only two sitting days. I must say to be fair to my neighbour, the hon. member for Broadview (Mr. Gilbert) was very active in that committee at that time.

I think it is also fair to point out that apparently his own party did not think as highly of the qualities of the hon. member for Hamilton West (Mr. Alexander) because he was not even a member of that committee, although as an hon. member of the House he could have attended and participated in that housing discussion. The record discloses that on March 18 and March 20 he was not present to talk about housing and urban affairs.

Some hon. Members: Shame!

Mr. Alexander: We are talking about people. We are not interested in all that.

Mr. Stanfield: Don't dig a deeper hole for yourself.

Mr. Macdonald (Rosedale): I must say I can understand the mental block of the Leader of the Opposition because he is so deep in a hole in his present situation it will take a slingshot to feed him.

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

Mr. Macdonald (Rosedale): I will be glad to at the end of my speech. It may indeed be desirable, in any change of Standing Order 65, to perhaps change the name of the committee. For example, it could be called the Standing Committee on Health, Welfare, Social and Urban Affairs, but after all what's in a name? It is not the name that counts. It is the participation and concern shown by hon. members opposite. On the basis of the performance of hon. members' of the Official Opposition to date, they would get zero.

The hon. Leader of the Opposition was happy to base this question on a narrow procedural motion. However, I will discuss it on a broader ground. It seems to me there is a most important broader question to be raised because the Hon. Leader of the Opposition made reference to it. In reference to the Prime Minister, (Mr. Trudeau) the Leader of the Opposition said he seemed to have a mental block because he was guided by the constitution. I cannot think of a more sincere compliment that could be paid to any member of this House, any member of the bar or any Canadian who has respect for his country than that it be said about him he had a mental block because he felt, on the whole, the law should be obeyed.

Some hon. Members: Hear, hear.

Mr. Macdonald (Rosedale): The first reason it would not be desirable at this time to get involved, as the Hon. Leader of the Opposition appeared to be encouraging, in delving into the activities and work of the municipalities is that the primary responsibility for the municipalities, and in particular the urban municipalities as the hon. leader knows, rests with the provincial governments. What he is really proposing is that we should have a committee of inquiry into the activities of the provincial level of government. However, I will deal with that question later.

The second reason for not confining ourselves in one committee, however, concerns the best way to deal with what the motion calls "the problems of urban people", and that is that basically so many of the aspects of government policy and federal jurisdiction dealing with the problems of urban people come under other departments and other program initiatives which are already being actively prosecuted and dealt with in this House.

For example, the question of air transportation, and the particular importance of air transportation and its relationship to the development of our regions and cities, is quite sensibly the responsibility of the Department of Transport. I suppose hon. members will agree that generally it is logical to have transportation problems dealt with by the eminent members of the transportation committee, who are prepared to carry on this responsibility. For this reason, only a week or so ago the House agree to transfer such important urban problems as access to major airports to the Standing Committee on Transportation.

The future of the cities in Canada, particularly in regions which have not enjoyed the same growth as central Canada, has by this Parliament been made the subject of the Department of Regional Economic Expansion. One cannot talk about the fundamental problems of the city without formulating an overall concept as to the regional structure of Canada as a whole. We in this House have chosen, and I take it the opposition still agrees with this, that the Department of Regional Economic Expansion and the Standing Committee on Regional Development are

the best means of dealing with these questions and with the legislation that should be produced.

Mr. Stanfield: We never said that.

Mr. Macdonald (Rosedale): In sum then, the notion that all of the questions relating to the problems of urban people should be dealt with under a single committee, in my opinion, could not sensibly be accepted. For example, those aspects which relate to social affairs should continue to be dealt with by the committee which deals with social policy. As I said, those aspects which deal with transportation affairs should surely be dealt with in that committee. To the extent that the future of the cities is related to the regions of the country as a whole, it seems to me more sound to assume the committee responsible for the regional development policy should deal with it.

May I refer to what obviously struck the Leader of the Opposition as being the major basis of complaint against the government, that is the substance of this question of whether or not the committee should be established. The distribution of powers between federal and provincial governments was an appropriate reason for not going ahead. I gather the Leader of the Opposition was in Toronto last week. He may have been at that gathering for members of his party, a meeting at which the Premier of Ontario spoke on Saturday night according to a report in this morning's *Globe and Mail.*

Mr. Stanfield: Saturday noon.

Mr. Macdonald (Rosedale): Saturday noon, was it? I am glad the Leader of the Opposition was there.

Mr. Stanfield: I wasn't there.

Mr. Macdonald (Rosedale): He was not there. We find in here he is generally out to lunch. The question really is whether the Leader of the Opposition has been kind enough to take the opportunity of the visit of Premier Robarts to this city to move a want of confidence motion, not in this government, but basically a want of confidence in Mr. Robarts. Do we perhaps have here another of the conflicts with which the Leader of the Opposition must come to terms? What did Mr. Robarts say? In the December 8 issue of the *Globe and Mail* Geoffrey Stevens writes:

> He also accused Prime Minister Pierre Trudeau of trying to replace federalism with centralism, at the expense of provincial powers and interests.

[Mr. Macdonald (Rosedale).]

Perhaps, Mr. Speaker, the question of the constitutional responsibilities has never been better stated than in the following terms:

> The temptation to jump constitutional boundaries in reaching for temporary solutions to long-term problems is understandable. Its attendant hazards, however, are costly duplications of machinery, personnel, research and other program components, in addition to the creation of further confusion and frustration over the delineation of governmental responsibilities.

That seems to be a particularly effective formulation of the problem in this regard and a reason for not accepting this motion. Whose formulation is it? It is the formulation of Mr. Charles MacNaughton, the Provincial Treasurer of Ontario, when speaking on July 15, 1968. Not only may I introduce the Leader of the Opposition to Mr. Robarts and his denial of this particular motion, but may I also introduce him to Mr. MacNaughton?

Some hon. Members: Hear, hear.

Mr. Peters: I rise on a point of order, Mr. Speaker. It is not very nice for us to be introduced to a number of people and have to listen to a discussion on the establishment of a transport committee when we have a motion before us. I suggest Your Honour call attention to the motion before us which concerns urban renewal and also the amendment, the establishment of an urban affairs ministry.

• (5:00 p.m.)

Mr. Macdonald (Rosedale): I regard the intervention of the hon. gentleman as a compliment, and this applies to the shouting from the benches of his hon. friends. I have always found that when we are getting close to the bone the hon. member gets up and begins to complain. If the hon. member for Temiskaming (Mr. Peters) cannot win by reason—and I suppose that has never happened in the House—he tries to shout us down.

I have referred to the attitude of the provincial government of Ontario, for which, apparently, the Leader of the Opposition has such contempt. I refer, now, to another statement on the position, this time from the Premier of Quebec in the National Assembly on June 5. I quote a translation of it:

> The conclusion to be drawn from this is that neither under the present constitution nor under the new constitution which is being negotiated at this time should there be any suggestion of handing over to the federal government any responsibility whatever in respect of municipalities. It is not because of the considerable importance which now attaches to urban problems that we should look to the federal government for their solutions.

The most serious consequences of any federal intervention in this field would be, I feel, the introduction of an element of confusion where no such confusion now exists. Division of responsibilities between the two levels of government—the federal government on the one hand and provincial governments on the other—is difficult enough to determine as it is. Such being the case, I fail to see why any attempt should be made to confuse the issue further by allowing the federal government to trespass in an area which is none of its concern.

Well, that is the attitude of the Premier of Quebec. I have already referred to the attitude of the Premier of Ontario who, nominally at least, is a supporter of the Leader of the Opposition. These views are an additional reason for using great caution before following the course proposed by the Leader of the Opposition; they are an argument for declining to make any substantial change in the arrangements which already exist for committees of the House. The opportunities are there, now, if the Official Opposition wishes to use them. Why should we play around with names, which, in effect, is what the motion proposes, at the risk of involving ourselves in a further constitutional crisis?

Let me say at once I entirely support the suggestion that we ought to show great concern for the problems now being faced by our cities. I am concerned by the fact that in Ontario we do not have any logical and well-planned provincial program for housing and the development of the province in the next 25 years. We, in Ontario, are deeply concerned about this but we are directing our representations to Queen's Park about it.

Unfortunately, hon. members opposite cannot afford to look to Queen's Park to remedy these defaults. Attitudes there, on the provincial level, have proved it to be impossible for municipal levels of government to obtain revenues from taxation sufficient to deal adequately with urban problems. For example, the Provincial Assessment Act, the very stuff and substance, the basis upon which the municipalities must carry on, is the responsibility of the province. What is being done by the province to share the burden more equitably? The Provincial Planning Act which, again, is the responsibility of the province, has been lying in disuse, or else it has not been modified so the authorities may plan effectively land use in the province.

If this motion can be regarded as being anything, it is an indirect expression by the Leader of the Opposition of no confidence in the manner in which the provinces—and he was once a leader of one of them—have carried on their business. In particular, because he spoke particularly in the context of Toronto and Ontario, he was criticizing specifically the leader of that province.

One suggestion he made, and one can readily believe it was founded on his ignorance of the situation, was that this government and this Parliament have done nothing about urban affairs. Let me remind him that this House passed last session a bill which hon. gentlemen opposite were pleased to support making changes in the National Housing Act having to do with urban renewal and public housing. Let me remind hon. members that more than 90 per cent of the capital cost of housing and urban renewal projects in Ontario, particularly in my own constituency of Toronto, has derived from this Act. Let me remind the House of the grants made by the federal government, such as the grant to the community improvement association in connection with Regent Park to deal with the social problems arising from public housing. Let me also remind the House of the extensive grants in connection with urban renewal, particularly in our cities, to enable plans to be prepared for future growth. I think it was generally acknowledged at the meeting my colleague the Minister without Portfolio and I attended, that it was at the lower levels of government that the failure had occurred.

An hon. Member: That's no comfort.

Mr. Macdonald (Rosedale): It was in Trefann Court that the city failed to come to terms with its own residents. It was in Don Vale that the city came to terms only after it found out that the only way it could get its part of the plan paid for was by reluctant consent.

Mr. Stanfield: The Minister without Portfolio said the money was not available.

Mr. Macdonald (Rosedale): My colleague can speak for himself. The funds are available, and it is for the city to decide for what they should be used and when.

Mr. Stanfield: You had better talk to him.

Mr. Macdonald (Rosedale): With regard to the environmental problems of concern to the city, we have, unfortunately, not yet been able to get our bill on pollution and other matters through the House and into committee. Two other pieces of legislation before the House are the bills dealing with loan companies and trust companies, both intended to

assist in making loans available for housing purposes. When I suggested that these bills should be dealt with on a priority basis, that great statesman, the hon. member for South Shore (Mr. Crouse) said that amounted to blackmail. I do not mind being called a blackmailer if my action will assist in getting through this House measures for improving Canadian housing. I hope we can get some co-operation from the supporters of the Leader of the Opposition in getting these measures through.

I will conclude my remarks—

Mr. Gilbert: You haven't said anything yet.

Mr. Macdonald (Rosedale): Oh yes, I will deal with the amendment of the hon. member for Broadview. It really deserves little serious consideration. He talks about a full time minister. My colleague, the hon. member for Port Arthur (Mr. Andras) has, in fact, been a full time minister and a very active one.

Some hon. Members: Hear, hear.

Mr. Macdonald (Rosedale): Ask in Trefann Court or Regent Park or Don Vale. Ask them whether he was prepared to spend his time talking about the problems there, and talking with the people most closely concerned. Indeed, he was; he has been very active.

The hon. member also has this fascination with words rather than substance. He asks us to change the name of a department as though to change the name would provide a solution, though what is really needed is a change in fundamental policy at the provincial level. He should be asking: what is the right approach to urban renewal problems; what is the right policy to be followed? But we did not hear anything from the hon. member on this aspect, and I am prepared to predict that we shall not because he does not know the answers. It is easier to propose a change in name than to think out a policy.

The proposal of the Leader of the Opposition comes from a man who is simply not credible on this issue. He helped to kill the committee in 1968. He wants to resurrect it in 1969. As for the hon. member for Broadview, perhaps one can say one sympathizes with his concern in this regard. However, the government has a full time minister of housing as well as a full time housing agency, and both are doing an excellent job.

• (5:10 p.m.)

Therefore I invite the support of this House in rejecting the amendment and the motion moved by the Leader of the Opposition.

[Mr. Macdonald (Rosedale).]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I suggest the House give the minister additional time so he can speak to the motion.

Mr. Macdonald (Rosedale): I suggest, Mr. Speaker, that if additional time is to be given we might give 10 or 12 years to the hon. member for Broadview so that he can come up with a policy, if he can think of one.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I was delighted to see the minister standing with his axe, though unfortunately he forgot to sharpen it. The minister came to this chamber with the audacity and the nerve to try to pin the problems of the present government on the hon. member for Hamilton West (Mr. Alexander). It does not matter how the minister cuts or slices the cake—

Mr. Macdonald (Rosedale): Mr. Speaker, on a question of privilege, the hon. member has misconstrued me. The hon. member for Hamilton West was not present at the committee discussions to which I referred.

Mr. Alexander: Mr. Speaker, time is passing so I will carry on. It does not matter how the minister slices the cake, it is still his problem. I suggest the reasoning behind his arguments this afternoon will not weigh very heavily on the minds of the Canadian people, though they will realize that his attitude was one of arrogance, that his arguments were childish and lacked a sense of maturity.

If I were wrong in trying not to spread myself too thinly within the committee structure, then I say the government, too, is wrong and equally as vulnerable as I at the next election. This government has continually shown its reluctance to admit it has a role to play in finding solutions to the mounting problems of urban growth. As a result, one can say it is suffering from a new political disease, that of urban impotence, a disease that has not afflicted the members of Her Majesty's loyal opposition.

The diagnosis was almost complete when the hon. member for York West (Mr. Givens) made the headlines during the Hot Springs "love-in" with his classic confrontation with the Prime Minister (Mr. Trudeau) regarding urban affairs.

An hon. Member: Where is he today?

Mr. Alexander: That is a good point. I should like to know where all the urban members are so they can chastise us. I hope

those who raise their hands will take part in this debate, rather than go to the press to record their thoughts. The hon. member for York West did his party a great service when he stood up to be counted. The hon. member was also projecting public opinion in his remarks. He placed emphasis on the jurisdictional problems among cities, the provinces and Ottawa. Without question, the diagnosis is now a conclusive one, as revealed through the resignation of the hon. member for Spadina (Mr. Ryan), who now joins the ranks of the farmer, the fisherman, the urban dweller, the Indian and a former cabinet minister, all of whom have expressed their disillusionment with the just society party.

The interesting question that can now be posed is: How many more members on the other side of the House, like the courageous member from Spadina, will stand up and be counted? I am sure the patience of many more is being tried. I feel that that is a statement that can be made. Indeed, I suggest that the Toronto area is loaded with such members and, as I said before, I hope they take part in this debate to register their criticism of the inertia of this government when it comes to solving the problems of the urban areas.

My leader has indicated that the hon. member for Spadina and others are welcome in our party if they can meet the necessary qualifications. I suggest one qualification is that they take a simple oath, and that this oath be as follows: "I, so and so, member for so and so, do hereby accept and believe in the proposition that Trudeaumania is kaput". That is all they have to do to be happily welcomed.

The government's exchange of diplomats with the Vatican is one thing, and going across the world trying to woo Red China is another thing. Taking a controversial stand on NATO is certainly alarming, to say the least. But to ignore, to the extent it has, the massive problems of urban growth is not only an unacceptable policy but a ludicrous one, no matter what the minister may say while trying to blame this party and its leader for the government's own shortcomings.

Let me tell the House why this policy is ludicrous. The terms of reference of the task force on housing and urban development, which has since issued a report that requires urgent attention, were to examine housing and urban development in Canada and to report on ways in which the federal government, in company with other levels of government and the private sector, could help meet the housing needs of all Canadians and contribute to the development of modern, vital cities. Thousands of dollars have been spent to give direction to the government, and recommendations have now been made. But the moment one mentions the problems of our cities to this government, it dons its cloak of inertia, which is also known as the constitutional straitjacket, and the Prime Minister expounds on the relationships of political theory to the constitution.

This convenient attitude of inertia is unwarranted and is neither understood nor accepted by millions of Canadians living in our cities who follow the Prime Minister and regard him as a modern Messiah or contemporary Pied Piper in the hope of being relieved of their frustrations caused by urban living. According to the task force report, our cities must come to grips with their major problems now. With pressures so great and problems so complex, tomorrow will not do. There is no point in the minister blaming the hon. member for Hamilton West for that.

I should like to refer to an editorial in the Hamilton *Spectator* for August 8, 1968, which stated that although local councils have been aware of their shortcomings for years, the cities do not have the resources or constitutional powers to solve them. The provinces and Ottawa have the authority to readjust priorities and initiate research and programs of aid, as well as to apply tax revenues where most needed. But only joint federal-provincial action can spare Canadian cities the horrors that afflict U.S. cities.

The editorial states the government must admit that the problems of urban development have become so acute that they have now become national problems and must be treated as such. One cannot deny that housing, urban transportation and pollution are national problems; but can we afford to sit back and be complacent in the light of the environmental malaise in our cities, such as economic poverty, social disorganization, mental and health breakdowns, anti-social acts, mental illness, alcoholism and drug usage? Are we to sit back and wait for the explosion which will give impetus to this Government to set up a commission to investigate the causes and prevention of violence? Are we to wait for this violent explosion before this Government moves? The quality

of life in the cities ranks as a national problem; as the cities go so goes the nation. To reject this proposition can only mean we are inviting disaster and chaos as a way of life in the cities.

• (5:20 p.m.)

Representatives of cities and towns, the provinces and Ottawa should be meeting to set the shape of city life for the future. The city representatives must be given an audience. They have the problems and perhaps they have the answers. They desire involvement. Let me read from the 32nd annual report of the Canadian Federation of Mayors and Municipalities. I refer to a statement made by Mayor Allan O'Brien, the newly elected president:

> In my opinion, our first priority is to get a firm commitment from the provinces as well as from the Federal Government to our right to be consulted on all the territory with which we are concerned that happens to be also of concern to the Federal Government. I think we should make sure we get that commitment to consultation before we take too firm stands for changes in the constitution, other than reference to the right of consultation.

That is all we are talking about here. We need a pipeline from the major cities to this Parliament in order that their representatives can reach the members who can then perhaps give some direction to this Government as a result of their deliberations.

The theme of urgency, as stated in the report of the task force, was adopted by the Minister without Portfolio in charge of housing (Mr. Andras), a man I have learned to respect even though he will not give Hamilton any money. I hope in the very near future he will say to the hon. member for Hamilton West he now has the opportunity to reply to those requests. I hope he will say he has re-assessed his thinking on urban renewal and will honor those commitments which should have been honoured earlier by his predecessor. I hope he will tell me that we are going to get more money than we ever thought we might get. I am waiting for that statement. Let me just read what he said when he introduced Bill C-192 to amend the National Housing Act. These words were important then and they are equally important today. They appear at page 9174 of *Hansard* for May 28, 1969.

> Another significant dimension is that Canada today is primarily an urban society. Almost three quarters of Canadians live in the larger towns, cities and metropolitan areas. By 1980, it is estimated that more than 80 per cent of the population will be owning, renting, or hunting for shelter in our urban centres. Current trends indicate that almost one third of these people will live in our three largest urban centres of Montreal, Toronto and Vancouver.
>
> The quality of life in these rapidly growing communities is a matter of serious concern. We have heard much and can expect to hear more about pollution, overcrowding, traffic congestion, inadequate recreational facilities, alienation, deprivation and the inertia of some of our institutions. These issues cannot be neglected indefinitely nor can they be resolved by the methods of the past.
>
> Nor can they be solved quickly or easily, Mr. Speaker. No single level of Government, no one person, holds the key to their solution, or the formula for building better communities. The answers must be sought in joint planning and co-operative endeavours. We must seek ways for all levels of Government, together with interested citizens, to achieve an urban environment which offers the physical, social and cultural dimensions of healthy and creative living.

That is all we are trying to do, help the minister along with his theory. To me, this shows a desire for three level consultation. I think this idea has great merit. I want to know whether the Prime Minister (Mr. Trudeau), in answer to my question, will indicate that he is aware that the province of Ontario has invited advisers to this conference. I should like to hear a statement from the government that we can all depend upon the continued attendance of municipal representatives as a means of collecting views at this coming federal-provincial conference.

Let me quote from an editorial that appeared in the Hamilton *Spectator* on December 4, 1969 as follows:

> It has become clear to just about everyone except influential members of the federal government that if Ottawa doesn't help the cities beat their traffic, slum, crime, poverty and other problems, the cities' plight will worsen.
>
> So far, Prime Minister Trudeau's government has taken shelter behind a constitutional screen, pointing out that municipalities belong to the provinces, not to Ottawa.
>
> As urban conditions unhappily demonstrate, neither the provinces nor the cities themselves have been able to correct the growing urban troubles. At best, the provinces and municipalities are maintaining services, not repairing the social and economic breakdowns, not coping successfully with the deficiency.
>
> Steadfast in its myopia, Ottawa bluntly refuses to recognize urban deterioration as a national problem and rejects the proposal to establish municipal-federal dialogue.

There are others throughout this nation who feel as members on the backbenches feel. I do not have to mention names because they are printed everyday in the local newspapers. Let us not forget that in spite of the constitution there is ample evidence to suggest that

Ottawa has consistently had a strong and significant monopolistic role in urban affairs. Let us look at the record in respect of the physical presence of the federal government. One need only refer to airports and their services; housing through C.M.H.C.; all forms of rail, transportation and communication and the great many federal public building facilities, installations and Crown agencies. What has the federal government done in this regard? What about tariffs, freight rates, the taxation system, military bases, immigration, unemployment policies and labour mobility? What about the quality of life? If more evidence is required regarding federal leadership let us consider the complexities of urban growth, pollution, regulation of social behaviour, regulation of public and private health, social assistance, language and citizenship? It is, therefore, ridiculous and irresponsible to indicate that the federal government has no business in the cities and towns of this country. It is essential that this Government, after consultation with the provinces and municipalities, state what the policy is or what it is going to be with regard to urban affairs. I know there are a lot of members on the other side who want to hear such a statement, too. Something tells me they are in trouble when they go back home. I hope they will tell us what kind of trouble they are in.

Confusion among levels of government must be eliminated if the problems of our cities are to be solved. If confusion and conflict continue over what role who should play, if any, in solving the problems of urban growth the problems will get more acute and critical and the solutions will then be out of reach.

The task force report recognized the role the federal government should play, yet the recommendations have been ignored. My friend mentioned a few of them, and I shall just read a couple. At page 72, the report reads:

> The federal government should establish a Department of Housing and Urban Affairs.

Then, at page 74, I read:

> The federal government, through a new Department of Housing and Urban Affairs, encourage, support and co-ordinate an expanded urban research program with greater priority on the initiation of practical research programs, including pilot projects.

Page 75, of the report reads:

> A new Department of Housing and Urban Affairs should give early priority to the creation of a central information bank to collect, organize and disseminate available data on these subjects to other governments, agencies, and Canadians generally.

An article in the *Telegram* of November 25, 1969 under the heading "Ottawa needs the cities" reads in part:

> Prime Minister Trudeau and his government must not hide behind a legalistic barrier in dealing with the growing problems and needs of Canadian cities.
>
> Constitutional restrictions aside, most Canadians now live in the urban reaches of this country. Most of the advanced technology coming our way, the funds to pay for it, the human resources to manage it, will all come from the cities. We have not yet reached the incredible U.S. situation where 70 per cent of Americans live in one per cent of their land space. But we are heading very fast in that direction.

• (5:30 p.m.)

Further on it reads:

> And most people in Canada now are in the cities. They will demand higher priority for city needs. Participatory democracy may yet outweigh constitutional restrictions as the Prime Minister now emphasizes them.

In conclusion—and I say this in all sincerity because I know all hon. members are equally concerned about the problems which we face—let me say that the challenge of urban growth is one of tremendous significance. We must stop wasting time nit-picking like the minister; we must stop wasting money; we must stop alienating the urban dweller. We must begin to work in harmony and co-operation with all levels of government so that the enormous task with which we are confronted can be attacked systematically and expeditiously with a view to reaching practical solutions from which all will ultimately benefit.

Mr. Barney Danson (York-North): Mr. Speaker, I would like to thank in particular the Leader of the Opposition (Mr. Stanfield) and the hon. member for Hamilton West (Mr. Alexander) for bringing this motion before the House today. It is a subject that needs to be aired and discussed. I regret that it is worded as to be a motion of confidence because many of us are sympathetic to its intent. My colleague, the hon. member for High Park (Mr. Deakon) indicated this, as has my colleague, the hon. member for York West (Mr. Givens). They both made similar suggestions before the Opposition even knew that cities existed. The suggestion that urban members are being stifled is refuted by the fact that we are able to debate these issues with our leader openly and publicly, and that we do so.

Mr. Macdonald (Rosedale): They do not even know who their leader is.

Mr. Danson: I was fascinated by the suggestion made by the hon. member for Broadview (Mr. Gilbert) that it was easy for the Minister of Finance (Mr. Benson) to reduce interest rates any time he wished to do so. I shall ask the chairman of the committee to reopen hearings on interest rates, because members of the hon. member's party had nothing new or original to suggest during the past several months when we were endeavouring to find ways and means to reduce interest rates.

Some hon. Members: Oh, oh.

Mr. Danson: The hon. member for Hamilton West is quite correct in saying that Trudeaumania is kaput. It has been replaced by a strong realization among all sections of Canada that it is not Trudeaumania but the best government we have yet seen in Canada.

Some hon. Members: Oh, oh.

Mr. Danson: As a representative of a constituency which includes a portion of metropolitan Toronto, but most of which borders on the northern limits of that area, I have a very special interest in the future development of our cities. These cities are growing at an unprecedented rate and this rate is accelerating. It is projected that the population growth in the Toronto region will in the next 20 years be greater than that of the past 150 years, from something in excess of 2½ million people to at least 5 million, and up to 7 million people. One projection is that one out of every three Canadians will be living in the Montreal and Toronto regions before the end of the century. The other cities across our land will experience similar growth. Many towns will become cities, and villages will become towns.

With these certainties ahead of us, governments—and I use the plural advisedly—and politicians who fail to give serious attention to these matters are guilty of inexcusable irresponsibility. Equally irresponsible are those who continue to give lip service to the problem for which they are legitimately responsible, while trying to pass off the responsibility for its solutions to other levels of government.

Frankly, Mr. Speaker, I am getting sick and tired of attending meetings, seminars and think-ins and hearing the experts in the field enumerate the problems without providing any rational solutions. When they are told about the jurisdictional problems, they slough them off with the comment that they are sick and tired of politicians who are fiddling over constitutional problems while the people burn. Actually, everyone is right to be sick and tired while we fail to come to grips with one of our major concerns. But being sick and tired is not good enough. It is not good enough because we happen to be a federal state, we happen to have a constitution, and we happen to have provinces which have rights and responsibilities under that constitution.

We also happen to have cities which are creatures of the provinces. Our people are taxpayers and voters who pay their taxes to all three levels of government, and many, but regrettably not most, who vote at all three levels. These people are also getting sick and tired. If they are not now, they will be when the price of our neglect manifests itself in greater pollution, greater congestion, even less adequate but more expensive housing, larger areas of blight and poverty, broken homes, increased delinquency, and the terrors which can beset big cities which have grown and the only planning has been by the short-range marketplace.

These people, the voters, have a right to criticize us as federal representatives, because about 70 per cent of them voted for or against us. They do not really have the right to criticize us for their own failure to turn out in similar numbers at provincial and municipal elections in order to ensure that they get the type of representative who will fulfil his responsibilities. I realize that this is not entirely fair becanse we do not always fulfil our responsibilities to the extent that we should or would wish, and displays of self-righteousness will not be particularly constructive in reaching solutions. As a matter of fact, to really come to grips with the problems will require a degree of political statesmanship and maturity which we have rarely evidenced in the past.

Therefore, I would like to make some specific proposals. The first is a repetition of one that I have made on previous occasions in the House, most recently in the Throne Speech debate on October 27. This proposal is for a national institute of urban and transportation studies. I combine urban and transportation studies because the two are so intimately interlocked. We are fortunate in this country to have specialists in urban planning who rank with the best in the world, and their work could be far better co-ordinated by such an institute. Other countries are

somewhat ahead of us in the field of transportation, although the Canadian Transport Commission is attracting staff of particularly high calibre from other countries, and we welcome them. France is well ahead in the field of air-cushion vehicles, and Japan is well advanced in high-speed trains of the conventional and jet-propelled types.

It seems redundant for each province to duplicate research in these fields, and a co-operative effort could benefit all parts of Canada. Such an institute could well be associated with one of the major universities in the country, or perhaps it could be co-ordinated by a national secretariat with the research and studies in specific fields being allocated to each of several universities across the country. I favour the approach through the universities rather than as part of the government bureaucracy because there would be greater flexibility and fluidity than government tends to generate, as we have experienced. This approach would also have the advantage of turning out graduates who would become specialists to man the civil service which will run our urban centres or city states in the future. Such an institute could be of international stature and attract experts of world renown to its faculty or as visiting lecturers. I think this will more likely be accomplished by having a centralized institute at the graduate level.

My second proposal is one which calls for the political statesmanship and maturity which I mentioned previously. It is for a meeting of the private, elected representatives of all parties at all three levels of government to discuss the problems of our major urban areas and try to find ways to resolve them. If a reasonable measure of agreement is achieved we would then return to our respective legislatures, be they federal, provincial or municipal, and fight for the adoption of such agreed-upon procedures.

• (5:40 p.m.)

If I may be excused for seeming parochial, I wish to use the Metropolitan Toronto Planning Area as an example, because it is the one with which I am most familiar. Attendance would be by all elected representatives, at all three levels, covering each of the municipalities in metro itself, plus those adjoining municipalities such as the townships of Markham, Vaughan, Mississauga and Pickering, and possibly Peel, York and Ontario counties. As this will involve possibly 150 to 200 or more men and women, each level would have to appoint spokesmen to act on their behalf at the sessions. This would require meetings beforehand to agree upon general positions and prepare position papers. Amendments beyond reasonable limits would have to be ratified by the caucus of each group. Hopefully, there would also be observers from other major urban centres across the country and interested independent groups such as the Board of Trade and the Bureau of Municipal Research.

The first area with which such a conference could deal is one in which there is an existing and legitimate federal presence such as airports, harbours, railways, post offices, Crown corporations, urban renewal projects and a myriad of other federal agencies. In METPAC, which is the Toronto federal Liberal caucus, we have divided ourselves up into areas of specialty. For example, the hon. member for York West specializes in waterfront development, the hon. member for Scarborough West (Mr. Weatherhead) the Post Office, the hon. member for Etobicoke (Mr. Gillespie) airports, the hon. member for High Park (Mr. Deakon) railways and overpasses. Others have other specialties.

Mr. Knowles (Winnipeg North Centre): And the hon. member for York North (Mr. Danson)?

Mr. Danson: He is the chairman. With like specialization at the provincial and municipal levels, co-ordinated political dialogue and co-operation would be on a continuing basis. These specialists do not act completely on their own but take direction from and report back to their caucuses. With such a procedure we would have a tri-level pipeline into which we would all be plugged. At present we work in our own three little vacuums all too often, and wonder why people are surprised or upset. Frequently two of the vacuums get together and leave the third, usually the municipality, out in left field. That may not be scientifically correct, Mr. Speaker, but that seems to be the way it operates. Such a procedure is still not very easy to accomplish; there is no guarantee of success, but even a small step toward progress by politicians would be a giant step forward for the taxpayers.

The next stage of such a tri-level seminar would deal with our frustrating but very real constitutional considerations. As I understand our federal government's position, Mr. Speaker, we have no objection to moving further into urban areas if this is agreed to be desirable and if we are invited to do so by those

who have this right and responsibility. While I cannot speak for the government, it is my belief that we will not simply act as tax collectors and as passive benevolent bankers or sugar-daddies.

If agreement can be reached we would accept our responsibility for action, for policies and for financing, including the unpopular job of raising the necessary taxes. We would not, I suggest, nor should we, simply turn over money which is spent without our control. A recent sad experience in this regard relating to medicare should be ample evidence of how this system can backfire. It is incredible how much more careful one is with his own money than with that which is someone else's. It is like expense account living.

If the other jurisdictions do not want to give up their rights and responsibilities—those two words must always be used together—then they must have the courage to take the ultimate political responsibility of taxing to do the job, or the other side of that which is to take responsibility for not doing the job. In either case the electorate will judge, but that is one of the ways parties and politicians are re-elected or defeated, and that is what democracy is all about. You have to take the basic decision and be responsible to the taxpayers, or else do not act and be responsible for not acting.

I therefore suggest, Mr. Speaker, that the second phase of the tri-level conference be devoted to finding areas wherein we can reach some measure of agreement on shifts of responsibility which require constitutional change. Again, we can return to our respective legislatures and put our agreed-upon position to our government, thus exerting legitimate pressures which represent the feelings of the elected representatives. Should this prove successful—and there is no guarantee that it will, of course—we could schedule subsequent conferences on a bi-monthly or quarterly basis to deal with specific projects that we decide upon. The first of these could well be the excellent proposal for a regional airport authority, suggested by my colleague from Etobicoke. This is a perfect example of the type of program that could be achieved by thoughful consultation and co-operation at all levels.

I am not suggesting this as an ideal answer, or as the only answer, but it is a suggestion and an experiment worth trying unless someone has something better to offer. I have discussed these general proposals with senior elected officials at all three levels of government and have received gratifying encouragement. I suggest, Mr. Speaker, that this type of mechanism might well provide the vehicle, together with the centre for urban and transportation studies, for coming to grips with the realities of the seventies. The British North American Act was drafted for the realities of another age.

It is up to those of us representing the burgeoning urban areas at all levels of government to stop talking out of three sides of our collective mouths and straining our credibility in the eyes of the taxpayer. We may live to see the bills come in for our failure to get together; but if we do not, our children will, and their judgment on our performance will probably not be flattering. That is, Mr. Speaker, if our children live, for a report of the United Nations, with the authority of the Secretary General, tells us that if we do not reverse the tide of environmental pollution within ten years the process will become irreversible and the earth will die; the land will not support crops, nor will the air and sea support life. Our days will be numbered.

The great irony is that we are spending all of our efforts in many directions. We are worrying about the city of the future when, in fact, there may not be any future to worry about. I suppose you do not believe this, Mr. Speaker. Neither do I. It is so immense and so horrible that our minds automatically reject it. I suppose it does not matter very much if it is the truth; or does it?

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, we came here this afternoon to discuss a very simple motion asking the government to consider the advisability of this House setting up a committee to look into the problems of urban development. We in this party have gone even further; we have suggested that there be established a department of housing and urban development, with a full-time minister in charge of it.

The debate this afternoon, if it has done nothing else, has shown very clearly that so far as the government is concerned it is not yet prepared to grapple in any realistic way with the problems of urban development. That is something which has been evident for a good many years. Talk how he will, the President of the Privy Council (Mr. Macdonald) knows that for many years housing has been considered completely unworthy of having a portfolio to itself. Mr. Speaker, I am

sorry to see the President of the Privy Council leaving the chamber, because if he does so I shall have to do my best to deal with him in his absence. Responsibility for housing has over the past few years been moved from pillar to post through half a dozen departments. Now we finally have a Minister without Portfolio (Mr. Andras) in charge of housing, but housing is not yet considered deserving of a full-time minister. All of this proves the government's unwillingness to deal with the problems of the cities.

• (5:50 p.m.)

This afternoon the President of the Privy Council rose and in effect told the House that he cares little about the matter under discussion, namely, how to deal with urban problems in Canada, because he did not even go near the subject during his 20-minute speech. He used the whole time as a diversionary tactic to talk about practically anything else. He stood there as a name-dropper introducing us to many interesting characters all around Canada, including some of the provincial premiers and other people, all of this to draw attention away from the government's complete bankruptcy of ideas and lack of interest when it comes to doing anything about urban affairs. It was this bankruptcy of ideas which not so long ago led to the resignation of the then minister who was supposed to be—again it was a part-time portfolio—in charge of housing matters.

The people of this country deserve something better, Mr. Speaker. Why in the world does this government get the reports of the Economic Council if they do not read them? The 1967 report of the Economic Council of Canada states that one of the most urgent priorities for the entire country at all levels of government is the growing problems of the urban districts, the great conurbations now being built which, by 1980, mean that at least one-third of the people in Canada will be crowded into three urban centres, Montreal, Toronto and Vancouver.

All the problems of pollution, overcrowding, violence, lack of privacy, fresh air, space, tensions and disorder that we have heard about this afternoon will be aggravated by then, but the spokesmen of this government stand up and say cheerfully, "Other people have not wanted to do anything about this in the past, nor shall we. Let us leave it to some other level of government." What kind of statesmanship is that?

Mr. Deputy Speaker: Is the hon. member rising on a point of order?

Mr. Guay (St. Boniface): Yes, Mr. Speaker. I was wondering who proposed the motion we are discussing at the moment. I do not see any of them in the House.

Mr. Deputy Speaker: Order, please. I have to rule that the hon. member is out of order.

Mrs. MacInnis: I do not wonder that the hon. member feels upset. After all, the government backbenchers are being sandpapered raw by the people in the municipalities to explain why the government does nothing at all about one of the biggest problems of our time, the problem of the urban centres. I do not wonder, Mr. Speaker, that the hon. member is upset.

Mr. Nowlan: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member for Annapolis Valley on a point of order.

Mr. Nowlan: Mr. Speaker, I was here and I left to put my cigar outside. One of the reasons members on this side find it so uncomfortable and time-wasting to sit here is that there is in the House no cabinet member with responsibility for urban affairs.

Mr. Deputy Speaker: Order, please. That is hardly a point of order.

Mrs. MacInnis: Mr. Speaker, I hope that you or your successor this afternoon will add to my time to make up for these constant interruptions. When the President of the Privy Council said that he supported the need for dealing with urban affairs, it strikes me that he does so with a sympathy akin to the way the rope supports the condemned man. And when the member for York North (Mr. Danson), with the best intentions, goes into all kinds of subtle ways in which we could sneak up on this problem, putting salt on its tail, never letting anybody know we are going into this distasteful business, let me tell him that he is not going to put salt on the tail of the urban municipalities without their knowing it.

At the recent conference at Harrison Hot Springs, when the Prime Minister (Mr. Trudeau) took the cold plunge into the need for genetic engineering in the 1970's, I imagine he did so with a feeling of despair when he saw the kind of troops he had behind him. I imagine he thought this might be highly necessary.

An hon. Member: A point of privilege—

Mrs. MacInnis: I do not want any more points of privilege during my speech unless I am given double time for each one. The problem of the cities being built today is that they are a mess. They do not correspond with the needs of the people who live in them. They have not been kept up-to-date and we find ourselves with horse-and-buggy cities in the jet age. When we speak about the need for slum clearance here, low rental housing there and areas for recreation yonder, we are trying our best to patch up the mess but we are not dealing with the problems of the cities as they should be dealt with. They are getting more out of date all the time and have against them the great indictment that they are defeating, disillusioning, devitalizing and dehumanizing the people who live in them.

It is many years since that great Scotsman, Patrick Geddes, pointed out that if we are not careful all our cities will become like New York on a larger scale, with people moved into those canyons of stone away from green things, growing things, light and sunshine, where they will lose their human character when deprived of those natural elements that make us human beings. We are allowing that process to go on and on and on.

Today we come into this House and say, "Now let's make a simple attempt to have the representatives of the people deal with recommendations the Economic Council has been making for years, saying that urban development is one of the major problems of our time." But we are given the brush-off by the President of the Privy Council doing a lot of knit-picking exercises instead of coming to grips with this problem. Mr. Speaker, may I call it six o'clock?

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mrs. MacInnis: Mr. Speaker, the great United States sociologist Lewis Mumford said a few years ago what I think our objectives should be as we examine today's problems in our cities. He said:

> The final test of an economic system is not the tons of iron, the tanks of oil, or the miles of textiles that it produces; the final test lies in its ultimate products ... the sort of men and women it nurtures, and the order and beauty and sanity of their communities.

That was written a few years ago. In his book "1976: Agenda for Tomorrow," in 1968 Stewart Udall, United States Secretary of the Interior had this to say:

> We plan and act on a vast scale when it comes to space and defence. But by some obscure alchemy our will is feeble when attention turns to the blighted urban areas where most of us live. It is tragic that at this very moment we are using only a small fraction of our technological prowess on problem-solving in the cities. But the future is promising because we have the resources to achieve an American renaissance. Through continuous sound management of the economy, our annual gross national product should rise above the two trillion level within two decades. Unless false objectives cause us to use our extra wealth on illusory arms races or dubious military actions, or on idle displays of conspicuous consumption, we can achieve goals heretofore beyond the horizons of our hopes. These we have. The question is, rather, one of a national will and the formation of a common commitment to great civilizing goals.

Stewart Udall has a true conception of the tremendous task facing us on this continent in rebuilding our big urban areas. He says that nothing short of a new commitment will suffice, because only then will we undertake the job of rebuilding our cities and recreating in our people at the same time the spirit of hope and enterprise. In one election campaign the Premier of British Columbia coined the slogan, "Men to match our mountains." If we free our mountains of smog and other forms of pollution we shall be able to build in Vancouver men and women to match the mountains.

If the committee we advocate is set up with the new department, we also advocate, it will mean that we shall be able to study the problems of the cities and make proposals for action, not in the dim and distant future but in our lifetime. Some of the problem areas that will have to be discussed, and there are many, involve urban and suburban sprawl, traffic and transportation, housing and recreation, pollution, alienation and poverty; and questions of fresh air, sunshine and green growing things which are fast disappearing from our cities. Our cities are slowly becoming not fit for human beings. That is especially true when green growing things disappear and the cities become canyons of stone.

Some of the other problems involve questions of finance and jurisdiction for cities, and last but by no means least, the necessity of participation by citizens in those matters involving them. These are the things such a committee will have to study. It should be, in

the first place, a committee that will undertake steady action and not be forever studying, researching, white papering and task forcing, if I may use those expressions, and so on. Instead, it should make recommendations as it goes along; they should be short-range recommendations made in the light of long range objectives. In the second place, it ought to study the question of the role the federal government should play in solving the problems of the cities. That role, I believe, is a double one involving the setting up of some kinds of federal standards or guidelines. Also, I believe that our cities are entitled to obtain a percentage of federal funds necessary for urban development and growth, because that is essential if they are to solve their problems.

Times are changing and the rigidities of the present constitution bother many people. I do not think that some of us are even beginning to visualize what constitutional changes may be necessary in the 1970s. In that connection may I read to the House submissions made by two active Vancouver aldermen. They say:

> A practical solution to the problems of the cities in the 70s would be to allocate a share of the income tax directly to the cities. It would probably be desirable to make the allocation directly to the larger cities and indirectly, through the provinces, to the smaller cities. In this way, the cities could get on with the job of making cities more livable and keping property taxes at a reasonable level.

That solution does not sound too difficult to these men. Those in municipal administration know what must be done if we are to undertake the big job of rebuilding our cities that is so necessary. The furnishing of funds to municipalities will be one of the biggest problems involving urban development. May I add one thing, Mr. Speaker. We have done this sort of thing in Canada and we could do it again if we put our minds to it. At Expo we saw the greatest commitment that I have seen during my lifetime on the part of our people to join wholeheartedly in a Canada-wide venture. They did so because they knew that it involved them all, that it was their Expo and their concern. When we undertook to build Expo, all the federal government's resources and ingenuity were employed in the hope of making the venture a success. We saw nationwide planning. Each locality in turn was asked to plan its share of the activities and its share of involvement. Citizens were encouraged to give of their best, whether they were in ordinary jobs or were hon. members of this House. Firm deadlines had to be met and people of all races, cultures and origins co-operated to make possible this great venture.

Because of Expo we developed in this country a heightened sense of purpose and identity as Canadians. I remember a French speaking taxi driver telling me in Montreal not too long ago how proud he was of having played a part in Expo. He had not worried then about who his neighbour was, so long as he was working on the same project. He said to me, "I wish once again that we could feel as we felt when Expo was being developed." The millions of Canadians from coast to coast who went to Expo to see and enjoy the colourful sights and sounds wished, after the doors were closed, that it could all be revived. In my view we can revive something like that, but on a much larger scale. We can apply the same principles we applied to Expo if we can obtain the same commitment from our governments, beginning with the federal government, for the big job of rebuilding our cities.

This, Mr. Speaker, is what must be our goal for the 1970s. Our major goal must be the rebuilding of Canada's cities from coast to coast. If Ottawa takes the lead and assumes its proper responsibilities toward the other levels of government in making certain that there is a fair allocation of resources, I think we can do an outstanding job of rebuilding Canada's cities and increasing at the same time our stature as Canadians.

• (8:10 p.m.)

Mr. Alastair Gillespie (Etobicoke): Mr. Speaker, following the remarks of the hon. Leader of the Opposition (Mr. Stanfield) and the hon. member for Hamilton West (Mr. Alexander) I wondered how much real concern there was in the Conservative Party for urban problems. At one point during the debate this afternoon there was not one member of the Conservative party in this chamber.

Mr. Bell: When was that?

Mr. Aiken: That is not correct.

Mr. Bell: That is not true, Mr. Speaker.

Mr. Gillespie: The great shadow-boxer and the affable entertainer, the Leader of the Opposition, and the hon. member for Hamilton West in that order delivered their one, two punch and then withdrew for repairs.

Some hon. Members: Oh, oh.

Mr. Gillespie: The other question I wondered about this afternoon is just what prompted the Conservative Party to discover the cities. For over a year we have heard only about wheat and fish from them. We have heard about the real problems of the wheat farmers and the fishermen, but the opposition has said very little about the problems of the cities. On a number of occasions my friend, the hon. member for York West (Mr. Givens) has drawn this fact to the attention of the House. We should not be surprised, Mr. Speaker, because the Conservative Party is not an urban party; it does not represent the cities; it had nothing to say before the election a little over a year ago with regard to the cities.

Mr. Alexander: That's not true.

Mr. Gillespie: It has said very little about them since.

Mr. Forrestall: Stop twisting things.

Mr. Gillespie: For their information, I remind hon. members opposite of the fact, going from west to east, that from greater Vancouver there is not one sitting member of the Conservative Party, there is not one sitting member from Winnipeg, there is not one sitting member from the metropolitan Toronto region.

Mr. Nesbitt: That is three cities.

Mr. Gillespie: There is not one sitting member from the greater Ottawa region.

Mr. Forrestall: What about Montreal?

Mr. Gillespie: And there is one member from the greater Montreal region.

An hon. Member: And he's not that much.

Mr. Bell: On a question of privilege, Mr. Speaker.

Mr. Gillespie: I repeat, Mr. Speaker—

Mr. Deputy Speaker: Order, please. The hon. member for Saint John-Lancaster (Mr. Bell).

Mr. Bell: The hon. member interjected when reference was made to the Conservative member in Montreal and said, "He's not that much". I ask him to withdraw that statement about the hon. member.

An hon. Member: I didn't say it, he did.

[Mr. Gillespie.]

Mr. Bell: I insist, Mr. Speaker. We must abide by the rules. He said that hon. member is not that much. That is not parliamentary language.

Mr. Macdonald (Rosedale): Mr. Speaker, may I suggest it is not an unparliamentary phrase. It may be accurate, but it is not unparliamentary.

An hon. Member: You can withdraw that statement, too.

Mr. Deputy Speaker: Order, please. The hon. member for Etobicoke (Mr. Gillespie) has the floor. I must say I did not hear the interjection. It is probably the best thing if the *Hansard* reporter did not hear it.

Mr. Gillespie: I repeat, Mr. Speaker, that the Conservative Party has in the past had very little to say about the cities. It seems it has suddenly discovered the cities. To gain political advantage, the Official Opposition is in a desperate way now putting a motion before us which I hope to show in a very few minutes is transparent. It is transparent because it is shadow-boxing and fancy footwork. I do not think that shadow-boxing and fancy footwork will persuade the government or the Canadian people that they understand the situation.

Mr. Nesbitt: Ask Mr. Parks about that.

Mr. Gillespie: Last week in Toronto, at the Conservative annual meeting, leading Conservatives agonized in public about the Leader of the Opposition and some of his own followers for not being sensitive to the problems of the cities. I wish to quote some remarks reported in the local press on this occasion.

Mr. Aiken: Are those remarks by the hon. member for Spadina (Mr. Ryan)?

Mr. Gillespie: He is a well known man, a man who has made the housing area his particular concern, a man who fought a good campaign in the recent general election on the question of housing.

An hon. Member: Is that Paul Hellyer?

Mr. Gillespie: We were fortunate that he did not win. Mr. Bradley is quoted as saying:

—that the Conservative Party had better get off its "complacent butt".

He had other things to say. I quote from Saturday's *Globe and Mail*. He was a member of a panel discussing the Conservative Party as it faces the future. He said, in his warning,

and it became louder and clearer as he called on the party to listen to the people:

—he was distressed about his party's prospects because all seven incumbent members of Toronto City Council who were defeated on Monday were Conservatives.

Some hon. Members: Hear, hear.

Mr. Nesbitt: Whatever happened to Steven Clarkson?

Mr. Gillespie: He was not the only voice crying in the wilderness; one would hope not, because we all share the concern of the members from the cities. The provincial mines minister had similar concerns to express. His warning was similar; he said that the party has to listen to the people; that the Conservative Party is too comfortable, middle-class and upper-class in its outlook. There were others who on this occasion referred to the prospects of the Conservative Party. Some were perhaps imprudent enough to suggest that unless the Conservative Party reformed itself in the cities, it would be defeated in the election. I am referring to the provincial party. Characteristically, having discovered the problems of the cities, or what it thinks they are, the Conservative Party is going about it in the wrong way. It has misjudgd the issue in this House and has tried to obtain some political advantage.

What did the Leader of the Opposition say in his speech? When you get right down to it, he said we need another committee, a standing committee or a special committee of the House of Commons. Did he define the needs of the cities? Did he tell us what the problem was? Did he say anything about the special requirements of the cities? How many of his party are really interested in the problems of the cities? We have listened to debates in this House for over a year. As my colleague the hon. member for York West has pointed out on countless occasions, this House has had to listen to the problems of rural Canada, not urban Canada. Who initiated these discussions? It has been hon. members opposite. They have not initiated any debate about the problems of the cities in the year and a half that we have been here.

Mr. Aiken: We have not had any legislation.

Mr. Gillespie: The hon. member in his speech stated that we needed a new committee which would have three functions.

Mr. Stanfield: Four.

Mr. Alexander: That shows you weren't here.

Mr. Gillespie: There were three functions that came through to me. He said we must provide a committee; we must provide a national forum for the discussion of urban problems and to focus on urban problems. I say to Your Honour that we have such a forum in this House. Why has it taken the Conservatives over a year to discover that the House of Commons is concerned about the problems of the cities?

Mr. Alexander: We listened to this a little while ago.

Mr. Gillespie: His second point was that such a special or standing committee would be able to hear directly from municipal governments. I am sure the Leader of the Opposition knows as well as we do that if representatives of municipal governments so wish, they can now appear before our standing committees. I will go into that in a moment. We do not need another committee to provide a forum for those involved in municipal government; we have it now.

• (8:20 p.m.)

He suggested that a third function of such a committee would be to hear specific suggestions from others. I ask you, Mr. Speaker, what is wrong with the House of Commons? Why should we refer what the hon. gentleman described as the desperate situation in which the cities find themselves to yet another committee? Why has he not brought this issue before the House earlier? Why is his party not prepared to discuss the problems of the cities in this chamber, where they should be discussed?

Mr. Nesbitt: Why is there no legislation?

Mr. Gillespie: With respect, I think this motion is no more than shadow-boxing no more than political opportunism. We already have standing committees on health and welfare and social affairs, on manpower and immigration, on regional development, on transport and communications, on finance, trade and economic affairs, on justice and legal affairs; all these committees have discussed urban problems in the last year or so.

Mr. Alexander: Don't convince me; convince the hon. member for York West (Mr. Givens).

Mr. Gillespie: If the Leader of the Opposition wanted to draw our attention to urban

problems, he could have done so in other ways.

An hon. Member: Like your hon. friend from York West.

Some hon. Members: Oh, oh.

Mr. Gillespie: The thought that occurs to me is this: if you have no ideas, what is the best ploy to use? It is to suggest the formation of another committee in the hope that someone else may come up with an idea. Poverty, housing, transportation, health and welfare, immigration, citizenship and manpower retraining are all matters which affect the lives of people living in the urban centres. All these things can now be discussed by our standing committees; all of them have been discussed and can be discussed again by them. What we do not need is yet another committee.

I think that new mechanisms are desirable to bring federal, provincial and municipal authorities into some sort of direct relationship. The problems of the cities are local and specific; we cannot pronounce upon them at the national level. The task of implementing solutions for them will not be accomplished by yet another committee; it will be accomplished at the local level by those within the urban community who are most involved. This is the lesson we have learned in the course of more than a hundred years. How much say will the cities have in determining the kind of cities they will become?

We need to ask ourselves such questions as these: How large are the cities to become? What kind of cities will they be? What kind of urban environment should be preferred? What recreational areas, transportation facilities, housing and services should they enjoy? These are not questions which will be decided by any committee of this House for each of the separate communities of Canada. These decisions will be made by the communities themselves.

The representatives of the cities will have to make themselves heard. They must speak out. Too often their voices have been muted by provincial governments which have conned them into feeling they are obliged to accept only what those provincial governments make available to them. Many municipal representatives have been inhibited, when it comes to speaking out, because they could see no hope. Part of the usefulness of this debate might lie in saying to these representatives of the cities that we are concerned about their difficulties and are prepared to support their efforts. But they will have to make more noise and present their case forcefully to provincial governments. Though it is all very well to talk about new mechanisms, we must come down in the end to specific cases. In this connection there is one such situation which would lend itself readily to a new mechanism. I refer to the planning of a metropolitan Toronto airport system to serve the metropolitan region not necessarily, for example, a region confined by the borders of the existing metropolitan community but one which would include five airports which are already functioning.

I spoke on this subject during an earlier debate and I shall not go into it in great detail now. A new approach to airport planning is needed. We need a planning board composed of officials, one in which all four levels of government are engaged—the federal government through the Department of Transport, the provincial government through as many as four different provincial departments, regional government and, lastly, the boroughs concerned. It should also include those most directly involved, the senior elected representatives of the boroughs who are accountable to the people. In a very special way they understand the aspirations of the people who have elected them. Such a board as I am suggesting would advise the Department of Transport and the departments of the provincial governments affected. Its function should be planning. It is necessary to put the municipalities back into the planning process at the very beginning. The hon. member for North York (Mr. Danson) referred to this in his speech. The old "ladder system", by which the federal government discusses projects or responsibilities with the provincial government which, in turn, discusses them with the municipalities, is no longer working. Too often the apparatus at the provincial level acts as a filter, passing along only what it wants to pass along. Indeed, I suspect the filter process works both ways. In place of the ladder I believe we should substitute the round table; the representatives of the municipalities should sit around this table with the other authorities concerned, at the very beginning of the planning process.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

• (8:30 p.m.)

Mr. Walter C. Carter (St. John's West): Mr. Speaker, since the beginning of this Parliament we have heard much talk of urban

renewal, the provision of public housing, lower interest rates and so-called guidelines, all of which we hope will have a beneficial effect on the serious problems of housing and urban renewal which are facing Canada.

We are all familiar with the Task Force on Housing which was headed by the former Minister of Transport who was responsible for housing, the hon. member for Trinity (Mr. Hellyer). I am sure we are all aware of the report which he presented to this House, I believe in January or February of this year. We are familiar, too, with the recommendations of the report and the stand that was taken by the former minister. It was the complete indifference shown by his colleagues in cabinet to the problems of housing and urban renewal that forced the minister to resign. The minister was completely repudiated by his colleagues, and this being the case I am sure we give him full credit for resigning.

I am sure all members agree that discussion and study do not of themselves build new homes or initiate badly needed urban renewal schemes. It is obvious that Canadians have heard enough words and are now ready for the ring of hammers building homes, for the carrying through of urban renewal schemes which all of us know are badly needed in Canada. I think it is obvious, too, to most Canadians that even before the task force left Ottawa the members of the task force knew, as we did, pretty well 100 per cent the problems facing Canada and 90 per cent of the solutions to those problems.

The recommendation dealing with the removal of the sales tax on building materials used in residential construction, which I might add met with the unanimous approval and support of all Canadians, was ignored by this government. The argument used by the Minister of Finance (Mr. Benson)—I presume he was speaking for his colleagues in cabinet—was that the $300 million collected each year by this tax would have to be made up elsewhere. I am sure all reasonable members of the House would agree that this amount would have to be made up. We fully agree that if the 11 per cent sales tax were abolished, the $300 million collected would in all probability have to be raised from some other source. I think I can also say that we were unanimous in our contention that if this were the case and the money had to be collected from elsewhere, we should find a source less crucial to the national well-being of the Canadian public than the field of housing.

I think it is obvious to all Canadians and to the members of this House that this government has been playing around with the serious problems of housing and urban renewal that are facing the average wage earner of Canada at the present time. Through CMHC the government has been turning funds on and off like water coming out of a tap, much to the dismay of those Canadian citizens on the bottom half of the income ladder, especially those who are forced to live and raise their families in the slums and ghettoes of our cities and for whom the promise of a just society has little meaning. I think it has become obvious to the average Canadian, certainly to those of us on this side of the House, that the present government has become bankrupt of ideas in matters relating to the solution of housing and urban renewal problems, which we feel is the No. 1 domestic problem in Canada at the present time.

Apart from the serious housing problem facing Canada, we have other requirements, such as the implementation of a transportation system that will overcome choked streets, clogged highways and overcrowded airports. Our air and our water must be cleaned up. Housing and its related problems are a total challenge. In the matter of urban renewal I have a very special interest, because for almost a decade now, certainly for more than five years, a large number of families in that section of my riding known as the Mundy Pond development area have become political pawns of this government. They have been fed a continuous diet of promises, of grandiose plans and schemes which to this date are as far from realization as when they were conceived almost 10 years ago.

In this same development area—I am sure this is true in many other parts of Canada—properties have been frozen; permits to effect necessary repairs have been refused; people have not been allowed to build necessary extensions to their properties to accommodate their larger families; repairs and improvements, other than those which are necessary to keep the homes wind and watertight in accordance with city by-laws and government regulations, are forbidden because the government has promised to implement so-called urban renewal schemes.

In a great many cases in my riding, people are forced to live under conditions that are almost indescribable, conditions under which no human being should be forced to live. While these people are suffering, the government sticks its head in the sand, adopting the

old ostrich psychology of pretending that all is well; that if it keeps its head in the sand long enough, the problems will disappear; that through the wave of a magic wand the problems facing these people in the have-not areas of Canada and in our cities will vanish.

While I have a great deal of sympathy for people in the underprivileged countries of the world, I sometimes feel that in Canada perhaps we need additional aid to improve conditions in our ghettoes and slums. I sometimes think that although we have a great deal of sympathy for people of other countries who are suffering untold agony as a result of their economic conditions, there are areas in my riding where assistance is badly needed in order to give people the chance to live like decent, respectable Canadians, a status to which I think they are entitled.

I am not one to ignore what has been done. In my own riding, and indeed in many major cities in Canada, a lot has been done to provide reasonably good public housing for our underprivileged and average income citizens. I feel that much more must be done in order to give the people at the bottom half of our income ladder a chance to live in dignity and raise their families under conditions to which they are entitled in this twentieth century. I could cite a number of cases in my own riding where people are living under conditions that are completely and utterly indescribable.

• (8:40 p.m.)

In this 20th century we have put men on the moon and satellites in space, yet the people to whom I refer do not enjoy the benefits of indoor toilet facilities. It is a terrible indictment of this government that people in this day and age should be forced to live under those conditions. I do not think we can take pride in the fact that we have skyscrapers in certain parts of the country and an affluent society, while in other parts of the country people are forced to live under conditions not in keeping with the 20th century.

The former Minister of Transport responsible for housing travelled the length and breadth of Canada at considerable expense to the Canadian taxpayer. He received briefs from various people and associations. He came back and presented a report which all of us thought was reasonable. This man, the hon. member for Trinity, made a report in which he recommended certain things. The bulk of those recommendations was not accepted. He recommended the abolition of the 11 per cent sales tax on building materials. This was not accepted. These recommendations were for the most part rejected by the former minister's cabinet colleagues, and we know what happened. The minister, being an honourable man with pride, could not stand the thought of being repudiated by his colleagues. Consequently he resigned and is now sitting as a private member of this House.

We must assume that the former minister made recommendations in his task force report based on information gathered from all parts of Canada and from all segments of our population. He listened to groups and individuals. We felt that by and large his recommendations were sound and reflected the feeling of the average Canadian taxpayer. If this government was seriously interested in solving these problems, it would have taken the necessary action to implement most of the recommendations, especially the one dealing with the 11 per cent sales tax. Instead of accepting the recommendations of the task force appointed by it, the government elected to ignore them. In doing so it ignored the sentiments and feelings of the average wage earner across Canada.

The former minister resigned and the present minister was appointed to fill the gap. In accepting the responsibilities formerly held by the hon. member for Trinity in his role of being responsible for housing, the Minister without Portfolio (Mr. Andras) was being dishonest. I feel he was being dishonest because he accepted a role which he knew was completely unpopular and not in keeping with the feelings and wishes of the Canadian public. The former minister made recommendations that were not acceptable, yet the present minister was prepared to step in and act as the minister responsible for housing. In doing so I contend he is being dishonest to himself and to the Canadian taxpayer.

Mr. Andras: I rise on a point of order, Mr. Speaker. The hon. member has alluded to my honesty, which I regret, and I think it is uncalled for. Will the hon. member name three or four of the recommendations of the task force, headed by the hon. member for Trinity, that were clearly within the federal domain yet not accepted and put through as amendments to the National Housing Act?

An hon. Member: That is not a point of order.

Mr. Carter: I should like the minister to indicate to me those recommendations by the

former minister responsible for housing that were accepted by this government. The one that has been accepted by Canadians as probably the most important is the recommendation dealing with the 11 per cent sales tax on building materials. I think the minister believes in that recommendation. That is one reason I feel he is being dishonest in accepting the portfolio he now holds. He must know, as all Canadians and members of this House know, that if the 11 per cent sales tax were abolished it would accelerate house building in Canada and make it easier for the average Canadian to obtain a decent place in which to live and raise a family. I make no apology for my comments.

The task force made certain recommendations which were based on the advice of people across Canada and on the recommendations of various groups and associations. Any minister who would accept responsibility for housing without accepting those recommendations, especially the one regarding the 11 per cent tax, is being less than honest with himself, with this House and with the Canadian people.

The matter of housing is very serious and important to Canadians. Urban renewal is very important. In my riding the people have been promised an urban renewal scheme for almost ten years. This has left the people living in hope, while being prohibited from making necessary repairs and building extensions to their property. They have been waiting for this grandiose urban renewal scheme. This is grossly unfair, and the minister and the government should be ashamed of themselves for allowing these people to believe that Utopia is just around the corner.

The government should give serious thought to implementing the urban renewal schemes it has promised. The government and the minister know that the Mundy Pond urban renewal scheme has been promised for five, six or seven years. The people in that area do not deserve the treatment they have been accorded by this government by continuously promising a grandiose scheme which has never materialized. I have grave doubts that it will materialize in the next five years.

• (8:50 p.m.)

I think that in many respects the government did tell lies, because I can remember that two or three years ago people were led to believe that this scheme would take place within so many months. The people concerned were elated about the prospect of being given water and sewer systems, half decent housing, streets and sidewalks; but after almost a decade they are still left up in the air. I feel that the time has come when this government must stop pussyfooting. It must begin to show a little compassion for the Canadian people and make good some of the promises it made to the Canadian people and specifically to the people in my riding. Those promises after almost ten years continue to be symbolic of all those made by the present government—that is, broken promises. Tonight I call on the minister responsible for housing to give great thought to this serious problem because he is dealing with human lives.

Mr. Speaker: Order, please. I have to interrupt the hon. member. I am informed that the time allotted to him has expired.

Hon. Robert K. Andras (Minister without Portfolio): I welcome this debate, Mr. Speaker, and I congratulate the Leader of the Opposition (Mr. Stanfield) for starting it. I am impressed on most counts by the deep concern about cities expressed by hon. members, and I believe it accurately reflects many general concerns that have been expressed by people living in most of our urban areas.

In my relatively brief tenure as minister responsible for housing I have become very much aware of Canada's serious urban problem. Within the time available to me I have walked some of the streets and talked with people in many urban renewal areas and public housing projects. I will repeat what I said generally in my statement on second reading, that poverty, pollution, frustration, alienation and social unrest do have unique urban dimensions and may reach serious levels in our major metropolitan areas if we neglect the problems.

I must say, however, in all honesty that some of the debate has been superficial. There is an incredible gap between observing a concern, registering a generalization of concern, and in identifying precisely our problem and then beginning to deal with it in terms of effective policy-making. The gap is immense. It is immense because the first, essential requirement for bridging that gap is to understand, and what we do not yet have in the House at this level of government—or, I suggest, at any other level of government—is a precise and meaningful understanding of our urban environment and its problems.

I have become increasingly conscious, as I have talked with people, both housing experts

and people directly affected, that the urban system is an incredibly complicated one. Any view we take of it these days is rather like a snapshot that is out of date the minute it is taken, because it is a snapshot of the working out of the urbanization process that has become the central feature of this country's socio-economic development. Because it is the central feature, all the complex forces of development have come to focus on our cities; the effect of migration and rural adjustment, industrialization, technological progress, and many more forces that are at work in this country. To complicate matters, particularly in determining corrective policies, one must recognize that if these broad forces have played a major role in shaping our urbanization process, each city has been responding and adapting to them in a unique way peculiar to itself, so that each city is developing its own peculiar characteristics and problems and will require its own specific responses.

Out of all these processes have emerged urban units in this country—this has taken place everywhere else in this world—that are highly complex, socio-economic systems. I think the thing that has impressed itself on me more than anything else is that each part of the social system that is a city and an urban area is highly interdependent in ways that defy simple analysis. I am stressing these points because I sincerely believe that many of us are failing to appreciate how little we understand about this system. The reaction to this problem is to urge us as a federal government to act now without understanding but with serious consequences for the cities and for those most in need of our help.

Let me merely outline, in answer to some of the comments made earlier this evening and this afternoon, some of the most recent of such policies of our government and of other governments, by way of illustration. Let me outline some of the immediate, ad hoc and fragmented responses. Urban renewal was launched with the best intentions to help relieve the serious housing difficulties of the urban poor of this country. But in the process we understood far too little of the complex working of the housing markets, social groups and urban economy. As a result, in the name of urban renewal we occasionally helped destroy viable communities and inflicted hardship on precisely those we were seeking to assist. Public housing, stemming also from similar good intentions, has on occasions led to the locking of the poor into even more rigid social ghettoes.

[Mr. Andras.]

Those are two examples of where the federal government has been guilty, in which we have participated and in which we have to effect corrections. But there are others—and I am not pointing the finger at any level of government. One has to look at what is going on in many of our major urban areas, in terms of expressways. The downtown cores of the cities are congested. There is a demand for building expressways to join the suburbs to the downtown city core. This will mean more cars, which will in turn need wider expressways, which will in turn require more parking lots. As a result, the land in the core of the cities increases in cost and the urban poor who so often live in these areas are denied access to decent housing because of the high cost of land. Assessments go up in the downtown area, and so do the taxes. Businesses in the downtown area see this trend and head off to the suburbs where they can get cheaper land and production, and so the whole cycle reverses itself all over again. These are some of the ad hoc responses of which governments in nearly all highly populated and industrialized nations have been guilty.

• (9:00 p.m.)

To go back to urban renewal, Mr. Speaker, hon. members are aware of the fact that in August of this year, following discussions with the responsible ministers from all the provinces, I affirmed my predecessor's decision regarding the urban renewal program, and since that time I have carefully reviewed the whole nature of that program. We have had extensive exchanges with the provinces on this subject on the basis of our analysis and findings, and upon completion of the discussions this week with provincial ministers who are in Ottawa I shall make a detailed statement in the House explaining our actions.

As hon. members also know, a similar review of public housing is currently under way. I hope we will be able to announce shortly our policy with respect to this matter, with reference particularly to the 1970 program, but I give fair warning now that it is essential that we receive all the provincial recommendations, have an opportunity to digest them, and then go back to the provincial ministers to get some kind of consensus before the recommendations are locked in.

Mr. Stanfield: Mr. Speaker, may I ask the minister a question? In view of the fact that municipal governments are frequently

involved in tripartite housing agreements, is the minister simply consulting the provinces or is he also consulting municipal governments?

Mr. Andras: I appreciate the question, Mr. Speaker. Yes, I have been consulting representatives of the municipalities too, I think with the consent and support of the provincial ministers, by my meetings with the representatives of the Executive Committee of the Association of Mayors and Municipalities, who recently sent me their views on both urban renewal and public housing guidelines, for which I thank them, and which are now being digested.

While I am on the subject of this question, Mr. Speaker, may I respond to a comment made earlier in this debate by an hon. member opposite who implied that the invitation of the Premier of Ontario to municipal representatives to attend this week's federal-provincial conference was in the face of resistance by the federal government. This is not a fair statement of the case. The Prime Minister (Mr. Trudeau) on April 22 and again on June 3 clearly indicated that municipal representatives at federal-provincial conferences would be welcome, but made the straightforward and legitimate proviso that since the municipalities report constitutionally to the provincial governments, if the municipal representatives came in it would have to be at the initiative of the provincial governments. I uphold and applaud the presence in Ottawa today of municipal representatives from Ontario but, Mr. Speaker, let us call a spade a spade and allow this contradiction to the comment previously made. I repeat that there was no opposition from the federal government to their presence at this conference.

I have referred to the need for a careful review of existing programs of urban renewal and of all the housing programs under the National Housing Act. That analysis of the existing programs marks the first phase of our attempt to understand this complicated urban process. I say also that the second phase necessarily involves an incredibly deep and careful analysis of that process in all its complexity. Accordingly, Mr. Speaker, I have launched an intensive inquiry into the workings of the whole urban area, the whole urban process in our country. I expect and hope to be able to place recommendations before my colleagues in the late spring.

I make no apologies for suggesting that this matter requires further study. I have talked with many people in this country and to many people from other countries, so-called urban experts, certainly people who were concerned about urban problems in their own country, and I find somewhat to my horror that I know of no country, not even among the most advanced industrial western nations, that truly has an urban policy. It is a complex, complicated process. It will require deep analysis, and no superficiality is going to give us answers that are significant. In fact, any failure to dig deeply into this process could do more harm than good.

We are primarily trying to learn how best to deal with the critical urban problems. For example, we want to know who are the urban poor. Are they in the main unemployable, or are they temporarily unemployed? No evidence collected to date permits us to answer even this simple question. We want to know why there is such a squeeze on the revenues of urban governments, and what can be done about it. We want to know what alternatives there are to the current treadmill of more cars, more highways, and then more cars. We want to know what alternatives there are to monotonous suburbs and decaying inner cities.

But part of the problem, and I plead with hon. members to understand this, or join me in the attempt to understand it, in trying to answer these specific questions is that they cannot be answered or dealt with in isolation. Where you put a public housing project of any significant size, where you put an airport or an expressway, has a shaping effect on urban society. These matters are interrelated, and they cannot be dealt with as has been the case in the past, as if the city was a multi-ring circus and what was going on in one ring had no relationship to what was going on in the other rings.

Mr. Stanfield: That is why you have to be in there.

Mr. Andras: We will be in there, Mr. Speaker; that I can assure the Leader of the Opposition, and I hope he will join me in the process because this is beyond partisan debate so far as I am concerned. Superficial response and political opportunism will not help us to deal with this problem. We have to understand fully how the problems arise. We have to start treating them not in terms of their symptoms but in terms of their causes. We

also need better data on how they are connected to social, demographic and economic change.

To do so we are now trying to analyse the process of urbanization in Canada, and now being well into it I realize the colossal undertaking it is. Once we are able to isolate the key determinants, we will be able to isolate and evaluate the possible alternative strategies for governmental intervention to manage that system effectively. Its objective is to direct the urban system so as to alleviate the critical urban problems and to pursue actively our primary social goals in a country which is becoming essentially urban. But, Mr. Speaker, I am not so presumptuous, and I would challenge anybody to be so presumptuous, as to believe that we will be able to solve all our urban problems as a result. However, I can assure hon. members we will be moving toward greater knowledge about them, not on a superficial, fragmented, ad hoc basis, and we will better understand the role we as a federal government might play therein.

Central to this approach is a keen awareness of the responsibilities of the provinces and their municipalities in the whole area of the urban process. To ensure that their interests and their legitimate roles are kept continually to the forefront I shall launch discussions with the responsible ministers of the provinces. It is my hope we will work very closely together to arrive at a joint consensus of goals and strategies. I was heartened to learn that the Leader of the Opposition has called for a conference on urban policy within his own party. I trust this means that he agrees with us that understanding is the prerequisite of effective action. Forming committees, decrying inaction and proposing ineffective policies, these are the tactics of those who seek to trivialize and make political capital from our urban problems, not solve them.

• (9:10 p.m.)

I regret to be critical, but this afternoon in the House and in recent discussions I have heard some of this superficial approach to the problems of our city. Surely it is easy to talk of increasing the need to co-ordinate existing federal activities in the cities, as the hon. Leader of the Opposition and as I have been guilty of doing. But we must co-ordinate these activities—and I have added this reservation—in terms of the objectives and the conception of the urban process.

Surely, to do an effective job we must address ourselves to advancing and getting answers to these questions. Would hon. members suggest, Mr. Speaker, that I expand the federal urban renewal program, as the hon. member from Hamilton West (Mr. Alexander) and one of his colleagues suggests, and then seek—and only God knows how—to co-ordinate such a confused action with other federal activities in the cities? This, Mr. Speaker, is what several hon. members from across the floor have suggested. My answer is no, we should not do this.

We are all fully aware of the seriousness of the problems. The fact that the vast majority of members of this House, and most particularly of this government, represent urban ridings has ensured that recognition on our part. What we seek are solutions, not sops; effectiveness, not emotion; and relevance, not rhetoric. We are playing our part. We have been—

Mr. Speaker: Order, please. I regret to interrupt the hon. member but I understand his time has expired.

Some hon. Members: Carry on.

Mr. Speaker: Has the Minister the unanimous agreement of the House to continue. I must remind hon. members that very few minutes are left in this debate, and I know that many hon. members are anxious to take part.

Some hon. Members: No.

Mr. Speaker: The hon. member for Dartmouth-Halifax East (Mr. Forrestall).

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, before getting into the text of my remarks on the debate on this very vital question of transportation, I wonder if I might direct a word or two to our distinguished President of the Privy Council (Mr. Macdonald) and some of his colleagues on the treasury benches. I should like to remind them that once in a while it is good to listen to what one's neighbours are saying. Just before dinner the President of the Privy Council chastized those of us on this side of the House for not supporting a proposition which invites federal participation and, indeed, active federal leadership in solving urgent problems. He stated that the federal government must not involve itself in matters essentially within the purview and the responsibility of municipalities. But in a reply to a question by my leader, the Minister without Portfolio (Mr. Andras) stated that he was indeed involved in discussions with municipalities.

In the last few years, Mr. Speaker, it has sometimes appeared to Canadians from all walks of life that the right hand of government has not the vaguest idea what the left hand is doing. In the course of his remarks the President of the Privy Council led us in this chamber to believe that levels of government other than federal were responsible for holding up programs in such places as Don Vale and Trefann Court. I should like to remind the President of the Privy Council of the remarks made by the Minister without Portfolio to the hon. member for Hamilton West (Mr. Alexander) very recently. At page 1589 of *Hansard* of December 4, when the hon. member for Hamilton West asked whether the apparent deadline of December 31, 1969, affecting such programs as Don Vale would come and go without any communication from the federal government on action to be taken before the end of the year, the minister replied as follows:

> Mr. Speaker, when I met with residents representing the Don Vale urban renewal committee I made it quite clear that it was most unlikely we would be able to have legislation available because it would require the setting up of rehabilitation grants and loans inherent in their proposal. I made it quite clear to them, regretfully, that that was the situation and that this was unlikely to take place before December 31, 1969.

May I just tell the minister that his remarks in the debate this afternoon, apart from being grossly inaccurate in many respects were far removed from his plea about the urgency of removing the whole question of urban problems from the sordid arena of partisan politics. If the hon. member for Etobicoke (Mr. Gillespie) is interested in the capacity of the municipalities to deal with their own problems, I should like to cite one or two facts to him.

I should like to read from the report of the Technical Advisory Committee on Urban Transportation of the Canadian Federation of Mayors and Municipalities. Table XII entitled "Average Yearly Capital Expenditures on Roads" is based on study recommendations and scales of expenditure required to meet programs deemed necessary by these municipalities. Then, immediately after, comes the amount of money each urban centre involved is required to pour into the program. For Vancouver the figure is $12 million, based on a $60 million, five-year program. But over those five years all they have to spend is $3 million, or approximately 25 per cent. Ottawa-Hull, $24,871,000; projected scale of budget expenditures, $9,933,000; Hamilton, $12 million; projected scale of budget expenditures, $9,200,000; London, Ontario, $3 million; projected, $690,000; Victoria, $3 million; projected, $649,000. Perhaps those figures will give the hon. member for Etobicoke some idea of the magnitude of the problems we are talking about.

Mr. Speaker, in all discussions in this House about the great urban problems in Canada today, not one member has spoken in any meaningful way about the most costly aspect of urban renewal, that is urban transportation, mass transit problems, the problems of intra-urban communication and the difficulty of removing alienation brought about by the inability to communicate with one another in terms of transportation.

• (9:20 p.m.)

In September, 1964, the Canadian Federation of Mayors and Municipalities started what will go down in history as the first major study of urban transportation in Canada. The ensuing studies and work conducted by what most hon. members know to be a very active committee culminated about a year ago in the first urban transportation conference ever held in Canadian history. What took place at the conference is a matter of record although, I am afraid, it is fast passing into history.

My participation in this debate, Mr. Speaker, is to highlight our existing concerns in problems of urban transportation both in this country and in the United States. I believe the minister was incorrect when he said that no western country has an urban philosophy and is doing nothing about the subject except trying to understand it. Perhaps in that process of understanding they have not evolved an "a, b, c" governing urban philosophy and underlying principles; but by God, they have not stood still and done nothing about the problem. They are doing something about it. I think it is fair to say that no federal government of this country has become involved in any significant manner in the field of urban transportation.

Mr. Stanfield: That is true.

Mr. Forrestall: The government's entry into the trans-Canada highway program might be held by some to be an exception to this point. I contend that those who conceived the trans-Canada highway program did not intentionally try to resolve the urban transportation problems of any particular area. In some areas like Montreal the highway does play a part in solving problems; it links the

three main cities in the central core with the south shore of the St. Lawrence, but this is only incidental. The highway was not intended to solve any major problems in areas of urban transportation. There are other minor exceptions to the rule which I will cite in a moment, because enumerating the exceptions I think will strengthen the main point of my argument.

Through the National Capital Commission the federal government has poured millions of dollars into a system of parkways in Ottawa. There is also the recently announced parkway to be built out to the Ottawa Airport. If the government had not announced the construction of this road I would have been tempted in my remarks this evening to direct a question to the minister responsible for railways, canals and telegraphs and ask him to remove the fallen branches and trees from the cow path leading to this city's international airport.

In addition to the two examples I have cited, there are minor ones such as the involvement of the National Harbours Board in the construction of bridges across the St. Lawrence at Montreal and, I think, across the harbour at Vancouver. One or two other small projects could be mentioned. But my being able to identify those areas of federal government involvement in matters of urban transportation shows that that involvement is so limited, so much a "one shot" affair as not to count at all.

In its urban renewal program the government accepts no responsibility whatever for matters pertaining to urban transport and the impact those federal renewal programs, as well as other programs, will have on the ability of the cities to solve their transportation problems. Yet is it not strange that in writing about the human problems of the city our greatest modern writers refer continually to the theme of alienation? Inevitably, when one talks to our young people, one finds that they are alienated from society in no small measure because they cannot communicate with their friends through the use of transportation facilities.

May I touch on one other area of the federal government's involvement in transportation matters. I refer to the development of above-grade crossings over railway lines crossing our principal highways. I mention this matter now because I hope that increased costs involving the construction of these raised crossings designed to eliminate present day level-crossings will not reach the point where the federal government will feel it incumbent to curtail them and suggest to responsible departments that the program of building such above-grade crossings be cut back. We must have above-grade crossings if our highways are to remain safe and if high-speed users of our highways, such as they are, are to continue to find it safe to drive over them.

[Mr. Forrestall.]

I emphasize again that the federal government's involvement in four or five separate areas does not mean that it has become involved in matters of transportation. It is easy to argue that way. Rather, such scant involvement makes it abundantly plain that the government has no plan to become involved; that talk on the matter has not even begun; that action has not begun and that, as is painfully obvious, the government has no intention of helping with the development of urban transportation. It does not wish to become involved in parallel developments involving broad urban transportation philosophy, notwithstanding, I submit, what the minister hopes will be done next spring.

May I contrast our record with that of the United States. To do so may I read from the report of the Technical Advisory Committee to the Federation of Mayors and Municipalities. I quote from page 23 of the report as follows:

> By contrast the federal government in the United States is playing a steadily increasing role, both with respect to urban highways and urban mass transit.

Unlike this country's programs, federal aid in the United States began with aid to rural highway programs. From 1944 on, however, we have been able to discern that the United States government's direct involvement in the construction of major arterial systems has been growing. This tendency which was started about 26 years ago has now expanded to the point where in 1965 $3,675 million had been poured into that general field. The United States federal assistance to the mass transit sector of its economy is of more recent origin, but its history can be traced back to 1960 when with the support of the presidential nominee John F. Kennedy, the Democratic Party placed urban affairs as a national issue in their party platform and pledged:

• (9:30 p.m.)

> Federal aid for comprehensive metropolitan transportation programs, including bus and rail transit. Commuter railroads as well as urban highway programs and construction of civil airports.

At that time Kennedy declared:

> That the Democratic Party in the United States knows of no wiser investment that this nation could make than federal aid to urban transportation.

Those were wise words ten years ago, Mr. Speaker, and I think they are fitting today. I commend them to the minister in the formulation of any policy he is preparing for presentation to his colleagues. The direct result of that position by President Kennedy was the passage in that country of the housing act of 1961 which, while modest in its start, at least provided $50 million in federal loans for acquisition and improvement for mass transportation facilities in urban areas of the United States. An additional $25 million or $30 million was also allocated at that time, and I commend this to the minister. It was committed for urban transportation projects, mass transit projects. The minister has no terms of reference to do that. I hope in his thinking this winter he comes up with some terms of reference and will include it.

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

The Acting Speaker (Mr. Béchard): I regret to interrupt the hon. member but his time has expired.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the motion moved by the Leader of the Official Opposition (Mr. Stanfield) calls for the establishment of a committee of the House to deal with urban problems. The amendment moved on behalf of our party by my colleague, the hon. member for Broadview (Mr. Gilbert) called for the establishment of a department of housing and urban affairs. We must realize that 75 per cent of the people of Canada now live in our cities. They are faced with tremendous problems such as urban transportation, housing, pollution and education. These problems must be solved. It is surprising that the government does not agree that the establishment of a committee and a department are worth-while objectives which it ought to support. I suggest the reason for that is very simple. The government is caught in the constitutional trap of the Prime Minister (Mr. Trudeau). The cities are the creatures of the provinces and therefore the federal government cannot deal with urban problems.

It is for that reason we heard the foolish speech of the President of the Privy Council (Mr. Macdonald), which I will refer to later, and the speech of the Minister without Portfolio in charge of housing (Mr. Andras). I have a great deal of respect for the Minister without Portfolio. He is going to study the problem. If he is as successful in delineating the problems of housing as he was in delineating the problems of the Indians, he will be fired from this job in the same way he was fired from his last job. The minister told the House, "Let us not do anything now, because what the opposition are proposing are ad hoc, fragmentary policies." I cannot think of a better way to get rid of ad hoc, fragmentary policies than to have a House committee and a department of urban affairs.

Some hon. Members: Hear, hear.

Mr. Orlikow: I listened with amazement to the foolish speech made this afternoon by the President of the Privy Council blaming the Leader of the Opposition for this motion. Why? Because the Leader of the Opposition last year agreed to a motion setting up the standing committees of the House. As we all know, the motion on which we voted was the one the government would agree to, and nothing else.

The minister is not foolish, but why did he make such a foolish speech? It is because he wanted to draw the attention of the House and the public away from the legitimate criticisms being made, not just on this side of the House but by his own members. We remember that the hon. member for Spadina (Mr. Ryan) resigned from the Liberal Party because of the inaction of the government with regard to urban affairs. We know about the very excellent speeches that are made outside this house by the hon. member for York West (Mr. Givens). The *Globe and Mail* for November 25 reported his activities at the recent policy conference of the Liberal Party at Harrison Hot Springs in the following terms:

> Member of Parliament Philip Givens crystallized the opposition when he got the mike and demanded to know if this conference was going to urge a federal initiative to help the cities. He got cheers. In the corridor later he also got the raspberry from the Prime Minister, who contended that the constitution gave the cities to the provinces, which could raise their own taxes if they wanted to aid the cities.

I think the hon. member for York West is right. I wonder why he has not made that speech here. This is where Members of Parliament are supposed to make their main speeches. Why did he go outside this chamber to make this speech, if he really means what he says. I could not pass up an opportunity to speak in this debate without referring to the

former minister of transport, the hon. member for Trinity (Mr. Hellyer), who resigned his portfolio because of his disagreement with the government and the Prime Minister. It is not important that hon. members do not agree with every proposal of the Task Force on Housing headed by the former minister of transport. Some of the recommendations were good and with some I disagree. For example, I disagree with the former minister and the present minister that it has been made government policy not to go ahead with urban renewal plans because there are some things wrong with public housing as it now exists. Of course there is a great deal wrong with public housing projects, but I submit to the Minister without Portfolio in charge of housing that with all their faults they are still far superior to the kind of housing which the people who now live in these projects had prior to moving into them; they are far superior to the slums from whence these people came. It is a disgrace for the minister to stop plans for more public housing. He should not permit it.

I want to put on record one or two comments made by the hon. member for Trinity when he resigned as minister of transport and minister in charge of housing. I quote from an article in the April 25 edition of the Toronto *Telegram*:

> It is really part of a larger issue—the constitutional concept of federalism—and perhaps the Prime Minister's concept that housing and urban affairs are not really a federal responsibility—
>
> "We are talking about a theory of federalism which is not what many people think it is. It is a theory of 10 almost autonomous provinces held together by a fairly weak federal government."

The Prime Minister answers every call, whether it be from this or the other side, from members like the hon. member for York West who has been conspicuous by his silence on this subject in the House. The former minister of transport answered every demand for action in solving the problems of urban living by hiding behind the constitution. We do not believe that is an excuse, Mr. Speaker. We believe the constitution were made for people, not people for the constitution.

We believe there are amendments through which the constitution could be used for the federal government to take the initiative in meeting with the cities to go into details of the difficulties and how they can be dealt with.

• (9:40 p.m.)

The hon. member for Etobicoke suggested that the municipalities were not aware of the nature of these difficulties. I wonder where he has been for the past 20 years. Does he not know that the municipalities, through their organization of mayors and municipalities, has for years been making representations to the federal government asking for help in slum clearance, urban renewal, public housing, urban transportation, pollution control, provision of sewers and water systems. Help in all these fields has been requested for the last 20 years by the Canadian Federation of Mayors and Municipalities. But every year the answer has come from the government, and particularly from the present Prime Minister that the government cannot do these things because they are provincial responsibilities; the cities have to direct their requests to the provincial governments.

We think it is time for a new deal, one in which the 75 per cent of the people who live in our cities would be consulted through their governments. We think the way to consult them is by establishing a department of urban and housing affairs. We feel the government can and should do this. We hope the Prime Minister will learn a lesson from the demands which are being made, and will begin to act.

Mr. Gilbert: On a point of order, Mr. Speaker, I am sure the members of our party as well as those who support the Official Opposition would agree to extending the time available in order that we might hear from the flamboyant member from York West (Mr. Givens).

Some hon. Members: Hear, hear.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order, please. It being 9.45 p.m., I must, pursuant to Standing Order 58(9), interrupt the proceedings and forthwith put every question necessary to dispose of the motion now before the House.

[*English*]

The house divided on the amendment (Mr. Gilbert) which was negatived on the following division:

YEAS

Messrs:

Aiken	Coates
Alexander	Code
Asselin	Crouse
Baldwin	Douglas (Nanaimo-Cowichan-The Islands)
Barnett	Fairweather
Beaudoin	Flemming
Bell	
Carter	

Forrestall
Fortin
Gilbert
Gleave
Godin
Grills
Harding
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Bellechasse)
La Salle
Lewis
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacLean
Macquarrie
McCutcheon
McGrath
McIntosh
McQuaid
Mather
Matte
Mazankowski
Monteith
Moore
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Nesbitt
Nowlan
Nystrom
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rodrigue
Rondeau
Rose
Saltsman
Scott
Skoberg
Stanfield
Stewart (Marquette)
Thomson (Battleford-Kindersley)
Winch
Yewchuk—68.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barrett
Béchard
Benson
Blair
Borrie
Breau
Brown
Caccia
Cadieux (Labelle)
Chappell
Chrétien
Clermont
Cobbe
Comtois
Corbin
Côté (Richelieu)
Crossman
Cullen
Cyr
Danson
Davis
Deakon
Douglas (Assiniboia)
Drury
Dubé
Duquet
Émard
Éthier
Forget
Foster
Gendron
Gillespie
Givens
Goode
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jerome
Kierans
Lachance
Laflamme
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Murphy
Noël
O'Connell
Olson
Orange
Osler
Ouellet
Penner
Pepin
Pilon
Portelance
Pringle
Prud'homme
Reid
Richard
Richardson
Roberts
Rochon
Rock
Roy (Laval)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
St. Pierre
Thomas (Maisonneuve)
Trudel
Turner (London East)
Wahn
Walker
Weatherhead
Whelan
Whicher
Whiting
Yanakis—104.

Division

Mr. Speaker: I declare the amendment lost. The question is now on the main motion.

The House divided on the main motion (Mr. Stanfield) which was negatived on the following division:

YEAS

Messrs:

Aiken
Alexander
Asselin
Baldwin
Barnett
Beaudoin
Bell
Carter
Coates
Code
Crouse
Douglas (Nanaimo-Cowichan-The Islands)
Fairweather
Flemming
Forrestall
Fortin
Gilbert
Gleave
Godin
Grills
Harding
Harkness
Hees
Howard (Skeena)
Howe
Knowles (Winnipeg North Centre)
Korchinski
Lambert (Bellechasse)
La Salle
Lewis
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacLean
Macquarrie
McCutcheon
McGrath
McIntosh
McQuaid
Mather
Matte
Mazankowski
Monteith
Moore
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Nesbitt
Nowlan
Nystrom
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rodrigue
Rondeau
Rose
Saltsman
Scott
Skoberg
Stanfield
Stewart (Marquette)
Thomson (Battleford-Kindersley)
Winch
Yewchuk—68.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barrett
Béchard
Benson
Blair
Borrie
Breau
Brown
Caccia
Cadieux (Labelle)
Chappell
Chrétien
Clermont
Cobbe
Comtois

Division

Corbin
Côté (Richelieu)
Crossman
Cullen
Cyr
Danson
Davis
Deakon
Douglas (Assiniboia)
Drury
Dubé
Duquet
Émard
Éthier
Forget
Foster
Gendron
Gillespie
Givens
Goode
Gray
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hogarth
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jerome
Kierans
Lachance
Laflamme
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Murphy
Noël
O'Connell
Olson
Orange
Osler
Ouellet
Penner
Pepin
Pilon
Portelance
Pringle
Prud'homme
Reid
Richard
Richardson
Roberts
Rochon
Rock
Roy (Laval)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
St. Pierre
Thomas (Maisonneuve)
Trudel
Turner (London East)
Wahn
Walker
Weatherhead
Whelan
Whicher
Whiting
Yanakis—104.

• (10:10 p.m.)

Mr. Speaker: I declare the motion lost. The House now stands adjourned until two o'clock tomorrow afternoon.

At 10.15 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, December 9, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

REFERENCE OF MEMORANDUM, "CHANGING PATTERNS OF INDIAN MORTALITY", TO STANDING COMMITTEE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as a result of certain questions asked last week, there have been discussions about the document entitled "Changing Patterns of Indian Mortality". I believe there would now be unanimous consent to introduce a motion to refer that document to the Standing Committee on Indian Affairs and Northern Development. I wonder if I could have unanimous consent at this time.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Macdonald (Rosedale): Mr. Speaker, I move:

That the memoranda entitled "Changing Patterns of Indian Mortality" tabled on Thursday, December 4, 1969, be referred to the Standing Committee on Indian Affairs and Northern Development.

Motion agreed to.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

INFLATION—EXPECTED HIGHER PRICES IN 1970 —INQUIRY AS TO ACTION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to address a question to the Acting Prime Minister. In view of the statement by the Purchasing Agents' Association of Canada that a survey which they have just conducted shows that at least 60 per cent of all companies in Canada intend to raise prices in the next year, would the Acting Prime Minister have the Minister of Finance or the Minister of Consumer and Corporate Affairs make a statement on motions at the first opportunity outlining the steps the government intends to take to see that these price increases do not have the same inflationary effect as similar increases have had on the economy during the current year?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have not seen the report referred to by the hon. gentleman but I will look into it. I hope the hon. gentleman will support the anti-inflationary policy the government is following—

An hon. Member: What is it?

Mr. Sharp: —and that he will not call for greater government expenditures from time to time on certain projects.

Some hon. Members: Oh, oh!

Mr. Hees: Mr. Speaker, is the Acting Prime Minister not aware that it is the opposition that has been urging the government to take the steps which it has not yet taken to curb inflation?

TRADE

POSSIBLE BRITISH ENTRY INTO ECM—SAFEGUARDING OF CANADIAN INTERESTS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce. Inasmuch as it now appears likely that the British government will enter the European Common Market, has the minister had any discussions or correspondence with his corresponding minister in the U.K. government regarding the protection of Canada's traditional markets in Great Britain for primary products, particularly wheat?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I gave a fairly long answer to this question last week. When talking about protection of Canadian wheat sales in the U.K. the right hon. gentleman from Prince Albert referred to an agreement that was reached back in 1963. I have

looked into that agreement. First of all, I discovered that it was confidential, and since it was entered into on a confidential basis I do not think it was appropriate to make it public at this time. Second, I also confirmed as the hon. gentleman indicated himself that the British commitment was to the effect that essential Canadian interests would be protected as far as possible. The definition of "essential" and "as far as possible" was apparently left up to the British, and that leaves quite a lot of room, if I understand words.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. I appreciate the minister's information, but he has not answered my question. Has the minister had any correspondence or discussions with his corresponding minister in the United Kingdom regarding Canada's position vis-à-vis Great Britain entering the European Common Market, and has Canada advanced any proposals for the British government to include in its plan to be laid before the members of the European Common Market when applying for admission to that body?

Mr. Pepin: Mr. Speaker, I did not answer that part of the question because I did so last week. I said at that time that since the last British application discussions had been held, at both ministerial and official levels, between Canada and the U.K. The most recent were held in Ottawa a month or a month and a half ago at top official level, at which time the Canadians repeated to the British that Canadian interests were at stake. We have given the British representatives information on Canadian interests which would be damaged by British entry into the Common Market. As I said the other day and previously, the British told us they would keep us very well informed on developments; we will consequently have occasions to express our views.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A further supplementary question, Mr. Speaker. Were Canada's proposals included in any written memorandum? If so, is the minister prepared to table such memorandum in the House?

Mr. Pepin: Mr. Speaker, I was saying that I did not think it would be particularly useful for us to obtain from the British a formal commitment in which they would say that they would protect Canada's "essential interests" if at all possible.

[Mr. Pepin.]

Hon. George Hees (Prince Edward-Hastings): A supplementary question, Mr. Speaker. Inasmuch as the minister, in his statement last week, outlined what damage we can expect to the Canadian economy as a result of Britain's entry into the Common Market but not how we can be protected from that damage, will he take the first opportunity on motions to outline the steps the government of Canada intends to take to protect Canada's economy from the damage which will undoubtedly arise from British entry into the Common Market?

Mr. Pepin: Mr. Speaker, the damage can only be assessed when the terms of Britain's entry into the Common Market are known. It would be premature for us to speculate on what the terms of Britain's entry into the Common Market will be since these could be the subject of the negotiations.

[*Translation*]

EXTERNAL AFFAIRS

ALLEGED SURVEILLANCE OF QUEBEC MINISTERS TRAVELLING OUTSIDE CANADA

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, could the Secretary of State for External Affairs tell us whether he has received complaints as regards Quebec ministers being closely watched when on missions outside Canada?

Mr. Speaker: Order, please. I wish to remind the hon. member that the question was asked yesterday and ruled out of order.

[*English*]

TRADE

RADIO AND TELEVISION TUBE IMPORTS—THREAT TO CANADIAN INDUSTRY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the learned and congenial Minister of Industry, Trade and Commerce. May I ask if he has yet taken or indicated any course of action in response to the urgent brief of the United Electrical, Radio and Machine Workers of America presented recently to a part of the Liberal caucus and ministry concerning the growing unemployment in their industry as a result of an increasing flow of imports of electronic tubes from Japan and the United States?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The last time this question was asked Your Honour found it unacceptable.

Mr. Speaker: It must have been a very judicious ruling and I think I have to make the same ruling today. I must say in all fairness that I did not hear the first part of the hon. member's question. There was a bit of noise at this end of the chamber. Perhaps the hon. member might like to rephrase the question and attempt to make it acceptable to the Chair.

Mr. Macquarrie: May I say, Mr. Speaker, I have not asked this question before. I would like to know if the minister has found any course of action to protect this very important industry form the rapid decline which its people are now facing?

Mr. Pepin: Mr. Speaker, we have not found one but we are looking for ways to help. The gist of my answer on the previous occasion would have been that entries into Canada were to a large extent in the form of full sets, mostly coloured sets, and most of those were not from Japan but from the United States. We have had control on import of tubes from Japan, a voluntary restraint agreement with that country. We have found no proof that they are not living up to this restraint agreement. I also found that tubes were progressively being replaced by transistors. I already said that we were in consultation with the industry on these matters.

Hon. George Hees (Prince Edward-Hastings): A supplementary, Mr. Speaker. Is the minister not aware the government did find a solution—

Mr. Speaker: Order, please.

Mr. Hees: I will be glad to tell him what it was later.

Mr. Speaker: Order, please.

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS—CONTINUITY OF SERVICES

Mr. Charles H. Thomas (Moncton): My question, Mr. Speaker, is directed to the Minister of Transport. Since there is a very real possibility of the air traffic controllers going on strike within the next two weeks, thus causing the complete suspension of all air services in Canada, what action is the minister taking to ensure the continued operation of air services and the protection of the interests of the public?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the question is based on two assumptions which I suggest are a bit on the extreme side, first, that there will be a strike and, second, that it will result in cessation of all air activities. Even if those were the likely results, I hope they will not materialize. I am still confident we can work out a satisfactory arrangement with the air traffic controllers before that time.

Mr. Hees: The hopes two years ago did not materialize and stop a strike. Will the minister take some more concrete action and ensure that Canadian air traffic is not paralysed in the same way it was two or three years ago?

Mr. Speaker: Order.

COMMUNICATIONS

CANADIAN PACIFIC TELEGRAPHS—CONFORMITY WITH TRANSPORT COMMISSION JUDGMENT

Mr. Harold E. Winch (Vancouver East): May I direct a most urgent question to the minister responsible to the House of Commons for communications, whom I believe to be the Postmaster General. Is the minister taking any action to insist that Canadian Pacific Telegraphs live up to the judgment of the Transport Commission that there is to be no cessation of telegraph services, in view of the CP decision in British Columbia to close counter service after 8 p.m.?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): I will look into the particular complaint that the hon. member for Vancouver East has brought forward.

[*Translation*]

AGRICULTURE

DAIRYING—INQUIRY AS TO REDUCED GRANTS

Mr. Pierre De Bané (Matane): Mr. Speaker, I would like to ask the Minister of Agriculture which sector of the dairy industry will be affected by the decision to reduce the budget of his department and whether it is possible for the cabinet to revise its decision

in view of the precarious situation of the dairy industry in Canada and particularly in Quebec.

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, what we have asked the dairy industry to do, and I am repeating myself here, is to help us design a dairy program for the 1970-71 dairy year that will reduce the production that is surplus to Canadian domestic requirements because of the very high cost of putting surplus, milk powder in particular, and other products into the international market. It may be that with the help of the dairy industry we will be able to design a program that will return more net income to the farmers, even though the total charge to the national treasury is less, if we can reduce these surpluses.

[*Translation*]

Mr. De Bané: Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

If I understand correctly, Mr. Speaker, the government has not yet established in which sector the budget will be reduced for the next fiscal year?

[*English*]

Mr. Olson: Yes, that is correct. What we have announced is that the program will be designed with an over-all maximum of $115 million from the federal treasury in mind.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

Since he has just implied that the dairy and farm policy will be revised, does the minister intend to consult the various dairy unions before announcing this new policy to the Canadian farmers?

[*English*]

Mr. Olson: Yes, Mr. Speaker, we have invited them to make their wishes, their opinions and their submissions known to us.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I would like to direct a supplementary to the Minister of Agriculture.

I would ask him to indicate to the House whether the Quebec Milk Producers Association has already asked him for a special debate on the policy of the Canadian Dairy Commission.

[Mr. De Bané.]

[*English*]

Mr. Olson: No, Mr. Speaker, although I have already had some discussion with two organizations representing farmers in the province of Quebec.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I wish to direct a supplementary question to the Minister of Agriculture.

I would like to ask him whether he intends to take special steps to search for external markets in order to dispose of our surplus farm products, more particularly milk products?

[*English*]

Mr. Olson: Yes, Mr. Speaker, but I might add that I believe maximum efforts are being made at the present time to dispose of these surpluses.

INDIAN AFFAIRS

SIX NATIONS RESERVE—PRESENCE OF RCMP ON ELECTION DAY

Mr. W. B. Nesbitt (Oxford): I have a question for the Minister of Indian Affairs and Northern Development. Has the minister requested his colleague the Solicitor General to send members of the Royal Canadian Mounted Police to the Six Nations Reserve near Brantford, Ontario, on Saturday, December 13? I ask this question because an election is being held on the reserve that day and I have received complaints from some of the Indians who are afraid of intimidation.

Mr. Speaker: Order, please. I have some doubt as to the form the question has taken but perhaps the minister might reply.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, elections in Indian reserves are held under the Indian Act and the members of each reserve are free to vote for whomever they consider to be their best leaders, and the officials of my department have very strict instructions not to interfere in the elections.

[*English*]

[*Later:*]

Mr. Nesbitt: Mr. Speaker, I have a supplementary question. I apologize for not rising sooner but I did not quite understand the minister's reply on the translation facilities.

Would the minister give an assurance to the House that members of the RCMP will not be sent to the Six Nations reservation next Saturday? I draw to your Honour's attention the fact that people in this area are apparently very concerned about possible harassment.

[*Later:*]

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not know whether the R.C.M.P. will be present next Saturday. I say that the Indians of the Six Nations Reserve at Brantford are free to elect their leader in the democratic manner and if the R.C.M.P.'s presence is required, they will be there. However, if no such request is made, I do not see why they should be. At any rate, my department is not responsible for the R.C.M.P.

[*English*]

STUDENT LOANS

PROPOSED NATIONAL SYSTEM FOR REPAYMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I direct this question to the Acting Minister of Finance or to the Secretary of State for External Affairs who is Acting Prime Minister. In light of the statement made yesterday by Robert Clark, Minister of Education for Alberta, will a member of the federal cabinet be meeting with the education ministers of the ten provinces to discuss the proposal to set up a new national system for the repayment of student loans on terms corresponding with income? If so, what position will the government be taking?

Hon. Herb Gray (Minister without Portfolio): I shall be happy to take that question as notice.

Mr. Forrestall: Perhaps the hon. gentleman would be good enough to take this supplementary question as notice too. Is any legislation being considered along the lines of the proposal put forward by the Alberta Minister of Education?

PENSIONS

RETIRED CIVIL SERVANTS—INQUIRY AS TO INTERIM INCREASE

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the President of the Treasury Board. In view of the minister's expressed concern over the position of retired civil servants as well as his expressed hope that something will be done in this connection, may I ask him whether the government will give consideration to making arrangements for an interim increase in their pensions pending the presentation of the white paper on social security, waiting for which can take quite a bit of time?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I myself feel it is better to solve the problem in its entirety than to make some ad hoc arrangement, but I will look at the suggestion made by the hon. member.

Mr. Knowles (Winnipeg North Centre): Then perhaps we could ascertain the results of that look some night at ten o'clock.

Mr. Drury: This kind of blackmail will not lead to an early solution of the problem.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of privilege, friendly though it is. I do not believe that remark—

Mr. Speaker: Order. I am sure the minister used "blackmail" in the sense that the meeting will be at ten o'clock at night.

[*Translation*]

EXTERNAL AFFAIRS

PROPOSED RECOGNITION OF COMMUNIST CHINA

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a question for the Secretary of State for External Affairs.

Could he tell us how far the negotiations in connection with the recognition of the People's Republic of China have progressed?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): The discussions are still continuing, Mr. Speaker.

EDUCATION

MILITARY RESEARCH BY UNIVERSITIES UNDER CONTRACTS WITH FOREIGN GOVERNMENTS

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Acting Prime Minister. Is it in line with government policy to have university facilities which are supported in part by federal funds used on occasion for military research purposes under contracts between the universities and governments of other countries?

Inquiries of the Ministry

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, I am sure university authorities make decisions that they consider in the best interests of their institutions. Certainly the federal government does not have control over contracts that the universities enter into.

Mr. MacLean: A supplementary question. With regard to contracts entered into between universities and foreign governments, may I ask the Acting Prime Minister whether the federal government acts as agent of the foreign governments when contracts are let or are they made directly? If the latter is the case, would the minister say what precautions are taken to ensure that their primary purpose, from the point of view of the university, is not prejudiced?

Mr. Speaker: Order. I had serious reservations about the original question. I suggest to the hon. member that if he wishes to seek additional information on the matter the question should be placed on the order paper.

TRADE

CONSTRUCTION OF SHIPS FOR ARGENTINA—FINANCING BY EXPORT DEVELOPMENT CORPORATION

Hon. D. S. Harkness (Calgary Centre): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce. Has the Export Development Corporation agreed to finance the construction of six ships for Argentina in the amount of some $90 million? If so, what rate of interest is to be charged on this loan?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the rate of interest is the usual one. I might caution members that this is only a bid and that other countries of the world are in competition. We hope the Canadian bid will be successful, but there is no way at this time of knowing if it will be.

Mr. Harkness: A supplementary question. When the minister says that it is the usual rate of interest, does he mean the usual rate that is charged by banks to prime borrowers, or what does he mean?

Mr. Pepin: Mr. Speaker, on this matter I feel a little like the minister in charge of the Wheat Board. These negotiations are explorations that are being made by potential exporters. If the contract should come to fruition, then I would answer the question more fully. In the meantime I do not think it is in the best interests of the company or of the Export Development Corporation to discuss this possible sale.

TRANSPORT

U.S. AUTOMOBILE SAFETY STANDARDS INFORMATION—INQUIRY AS TO CANADIAN LEGISLATION

Mr. Barry Mather (Surrey): Mr. Speaker, having in mind the United States regulation which comes into effect next January 1 requiring the manufacturers of automobiles to provide the people of the United States with specific information and data on the safety qualities of their vehicles, is the Minister of Transport giving consideration to similar legislation in this country?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I thank my friend for having sent me a copy of the United States notice. I think this is a commendable step. As soon as we have the necessary authority and a bill is passed by this House I will be more than pleased to give it consideration. I see no reason that we should not do so.

TRADE

REPRESENTATION AT INTERNATIONAL FUR TRADE FAIR

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce whether it is the intention of the government to reserve a booth at the International Fur Trade Fair at Frankfurt, Germany?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, Mr. Speaker. I might add, if you allow me, that my department has taken part in the Fair for the last 11 consecutive years, with an expenditure of some $400,000. But we have found that the law of diminishing returns applies here. We have also found other ways of helping that industry, one of which was to send a mission to Japan earlier this year. We will continue to support the industry but not in the particular form of the past. I have asked the trade Commissioner—

Mr. Speaker: Order, please. The question was asked previously by the hon. member and I thought at the time it should be placed

on the Order Paper or discussed at the time of adjournment. The hon. member should not now ask a supplementary.

Mr. Noble: On a point of order, Mr. Speaker, this is a different question from the one I asked before. I mentioned the Canadian Mink Breeders' Association before but I did not mention it today.

FISHERIES

BRITISH COLUMBIA SALMON—REFERENCE OF NEW REGULATIONS TO STANDING COMMITTEE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in view of the objections raised by some commercial salmon fishermen in British Columbia against the new regulations announced by the Minister of Fisheries for the further control of the British Columbia salmon fishery, is it the intention of the minister to place these proposals before the Standing Committee on Fisheries and Forestry for discussion and examination and, if so, when does he plan to reconvene this committee?

Hon. Jack Davis (Minister of Fisheries and Forestry): These new regulations will be brought before the committee for discussion, Mr. Speaker. The first phase was discussed last year. The second phase will be discussed as soon as the committee reconvenes. I hope it will reconvene shortly and discuss these plans early in the new year.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask the minister whether he will give the House an undertaking that the regulations will not be put into effect until the parliamentary committee has had an opportunity to examine them and to hear the representations which the fishermen may care to make regarding these new licensing provisions?

Mr. Davis: I cannot give the House that assurance, Mr. Speaker. The fishermen are busily building vessels for the coming year, and it is necessary to give them a clear indication of our intentions this fall.

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (St. John-Lancaster): Mr. Speaker, I have a question for the Acting Prime Minister. In view of the unassailable information recently disclosed that Newfoundland is slowly sinking and will disappear into the sea, will the Acting Prime Minister say whether there will be new measures to support this province inasmuch as this condition may be due to the neglect of this government?

An hon. Member: Newfoundland was all right until it sent all those Tories here.

BROADCASTING

EFFECT OF CRTC DECISION RESPECTING CABLEVISION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Minister of Transport which might also be asked of the Secretary of State. It has reference to the decision of the Canadian Radio-Television Commission which has blocked out cable television in western Canada. Is this decision going to be reviewed by the cabinet and, if so, will the minister be prepared to make an announcement when it has been reviewed?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I should think this question might be more properly addressed to the Secretary of State, to whom the CRTC answers. I will be glad to call it to his attention.

[*Later:*]

May I say while I am on my feet, Mr. Speaker, and with your permission, that I can assure the hon. member for St. John-Lancaster that if Newfoundland is sinking it is perhaps because of the imbalance caused by the amount of money being poured into New Brunswick.

NATIONAL DEFENCE

CHEMICAL AND BACTERIOLOGICAL WARFARE EXPERIMENTS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to ask the Minister of National Defence whether the department is conducting chemical and bacteriological warfare experiments on animals at Shirley's Bay and Downsview?

Mr. Speaker: Order, please. This question should be placed on the order paper.

GRAIN

WHEAT—OPENING UP OF QUOTAS BY HALF BUSHELS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, in view of the all-time low wheat

deliveries on quotas this year and since all points are still on a unit basis, is the Wheat Board giving consideration to opening up quotas by half bushels in order that wheat growers may make some deliveries before the Christmas season?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the Wheat Board is continuing to give the highest priority to the movement of unit quotas out of those points which have not received sufficient cars to move that grain and no doubt will be in a position to adjust quotas when this question of high priority has been taken care of.

Mr. Korchinski: Can the minister indicate whether the special extra delivery quotas for last year have been almost taken in and, if not, how much longer will it be necessary before these deliveries will be taken in?

Mr. Lang: Mr. Speaker, I suspect that most of them have actually been taken in but I will have to get an up-to-date report on how things stand. I will be glad to do that.

Mr. John Burton (Regina East): Mr. Speaker, in view of the suggestion made recently by the Minister without Portfolio that farmers might "reduce their inventory by the amount of sales and thus put themselves in a more liquid position, with more of their revenues remaining free to provide a reasonable living income for the year", could the minister indicate when the one bushel quota will be opened up, and will this take place before Christmas?

Mr. Lang: Mr. Speaker, I cannot accept the whole of the question which contained a rather inaccurate reference to a question I asked. I should simply like to say that the opening of the quota is, of course, in the hands of the Wheat Board which has quite properly attached high priority to the movement of unit quotas. It will no doubt be opening quotas as soon as the high priority items have been take care of.

Mr. Burton: I rise on a question of privilege, Mr. Speaker. In view of the comments made by the minister about his statement being taken out of context, let me state that I quoted a complete paragraph of a press release reporting a speech made by the minister.

[Mr. Korchinski.]

[*Translation*]

EXTERNAL AFFAIRS

NUMBER AND CHOICE OF TEACHERS IN FRENCH-SPEAKING AFRICAN COUNTRIES

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I wish to ask the Secretary of State for External Affairs a question related to last week's Paris conference of Education ministers.

During that conference, the chairman of the Canadian delegation announced that Canada would supply another 100 teachers to French-speaking countries of Africa and that those teachers would be recruited by the province of Quebec. Could the minister tell us whether the Quebec government alone would pick the teachers or whether the federal government, for instance, would have a say in the selection of these teachers?

Mr. Speaker: This important question could easily be put on the order paper and, should it be urgent, the hon. member could discuss it at the time of adjournment.

SOCIAL SECURITY

INQUIRY AS TO INTRODUCTION OF GUARANTEED ANNUAL INCOME

Mr. Henry Latulippe (Compton): Mr. Speaker, I wanted to direct a question to the Prime Minister but since he is not here, I shall direct it to the Acting Prime Minister.

Would the Secretary of State for External Affairs tell the House whether the government intends, during this federal-provincial conference, to start discussions on a non-contributory guaranteed annual income formula which would insure a minimum income to all Canadians?

[*English*]

AGRICULTURE

DAIRYING—LOCATION OF SURPLUS—EFFECT ON POLICY

Mr. H. A. Moore (Wetaskiwin): Mr. Speaker, is the Minister of Agriculture prepared, in the formulation of the coming year's dairy policy, to take into account the fact that the dairy surplus is not in western but in eastern Canada?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, we are prepared to take into account all of the arguments the dairy industry wishes to advance.

Mr. Moore: Does the minister intend any further transfer of western subsidy quotas to dairymen in eastern Canada?

Mr. Olson: There never has been any transfer of the nature my hon. friend speaks about. Indeed, I explained this to him and to the House a few months ago. That answer is even more accurate today than when it was made.

POLLUTION

OTTAWA RIVER—INQUIRY AS TO PILOT PROJECT

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources arising from a further study on pollution of the Ottawa River which was released today. Will a decision be made shortly concerning a pilot project for the clearing up of pollution in the Ottawa River?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, some time ago we made an offer to both the province of Ontario and the province of Quebec to have a survey made of the Ottawa River on a completely federal initiative and at federal cost. We have never received the consent of the provinces to proceed. However, with the Canada water bill before the House, with the good co-operation of the House and with the possibility of getting it before the committee shortly and passed, then we hope that under the aegis of this act these provinces will be prepared, as I believe they will be, to join us in a study of the Ottawa River and action to clean it up.

Mr. Aiken: Mr. Speaker, is it the minister's view that the Canada water act would permit the federal government to proceed on its own in respect of such a project?

Mr. Speaker: The hon. member will realize that the question as asked is not in order.

[*Translation*]

AGRICULTURE

REQUEST FOR INTEREST-FREE LOANS TO EASTERN FARMERS

Mr. Bernard Dumont (Frontenac): Mr. Speaker, I wish to ask a supplementary question in relation with the answers given a moment ago by the Minister of Agriculture.

Would he care to tell the House if the government is prepared to make interest-free loans to the eastern farmers as a compensation for the losses they will suffer?

[*English*]

EXTERNAL AFFAIRS

GREECE—PROTEST RESPECTING TORTURE OF PRISONERS

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Secretary of State for External Affairs which arises out of one I put to the Prime Minister a week ago. Last week I asked the Prime Minister whether the Canadian government intended taking any action with regard to the report of the European Human Rights Commission to the effect that there was systematic torture of prisoners in Greek prisons. Yesterday the hon. member for Nanaimo-Cowichan-The Islands asked the Secretary of State for External Affairs a similar question and I was unclear concerning his answer. The Secretary of State for External Affairs seemed to indicate that this report was not yet available.

Mr. Speaker: Order, please. The hon. member should come to the question as soon as possible.

Mr. Broadbent: I am sorry, Mr. Speaker; I thought the background was necessary for the question to be understood. Does the government of Canada now have access to this report and, if so, has it looked at it and decided to take any action?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the answer to the question is no. We have not yet received this report which is supposed to be a confidential report provided to the members of the Council of Europe. There have been some reports in the newspapers, of course, which I am told are fairly accurate.

NATIONAL DEFENCE

FUTURE STRUCTURE OF MILITIA FORCES

Mr. H. Russell MacEwan (Central Nova): Mr. Speaker, my question is for the Minister of National Defence. Is it the intention of the minister to make a statement to the House before the Christmas recess on the status of Canada's reserve force?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I hope to be able to make a statement before the recess if the

recess is not too early. I expect that the conclusion of our studies and our consultations with the Conference of Defence Associations should provide a final answer in probably a couple of weeks. The hope I express is that by that time I could prepare a statement.

Mr. MacEwan: If and when the minister makes his statement, would he be willing to wear a kilt in the House of Commons?

Mr. Speaker: Order, please.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I have a supplementary question for the Minister of National Defence. Will these men be paid at some time for their services in November and December of this year?

Mr. Speaker: The hon. member for Vancouver East.

PENITENTIARIES

POSITION OF NEGOTIATIONS RESPECTING EMPLOYEES' SALARIES

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I should like to direct a question to the President of the Treasury Board, notice of which I gave him verbally prior to two o'clock. Is the minister in a position to inform the House concerning the negotiations with employees of the penitentiary service who by a vote of the 2,100 personnel involved have stated they will strike unless there is a satisfactory award?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, in agreement with the bargaining unit these proceedings are now before an arbitration tribunal.

Mr. Winch: May I ask the President of the Treasury Board, in view of his answer, whether special provisions are being made because of the strike vote?

Mr. Drury: Mr. Speaker, a strike by the members of this particular bargaining unit would be an illegal strike. The procedure for the reconciliation of this dispute is by way of arbitration, not by way of a strike.

[*Translation*]

EXTERNAL AFFAIRS

ALLEGED SURVEILLANCE OF QUEBEC MINISTERS TRAVELLING OUTSIDE CANADA

Mr. Roch La Salle (Joliette): Mr. Speaker, on two occasions you have ruled a question out of order, but in view of the importance of this matter, I dare hope that you will allow me to ask the Secretary of State for External Affairs, in clear terms, whether or not Quebec ministers travelling abroad are subject to some special surveillance requested by his department?

Mr. Speaker: The same rule applies now as it did a few moments ago. The question as worded is out of order.

[*English*]

Mr. Fairweather: A supplementary, Mr. Speaker—

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, in light of the persistence of these questions, I wonder whether I might answer by saying simply that the answer is false.

An hon. Member: Your answer?

Some hon. Members: Oh, oh!

An hon. Member: Tell us what else is new.

Another hon. Member: Explain.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, in view of the fact that the minister's answer is false, would he take the first opportunity on motions to clear up the most serious charge about the S. and I. branch and Quebec ministers travelling abroad?

Mr. Sharp: I do not think it is necessary to clear up anything. The report is completely false and unfounded.

FISHERIES

ASSISTANCE TO THOSE ENGAGED IN LABRADOR FISHERY

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my question is for the Minister of Fisheries and Forestry. Can the minister indicate whether he is now prepared to make a statement on motions, perhaps tomorrow, indicating the position of his department with regard to the Labrador fishery? He indicated a week ago he was considering making a statement on motions.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, I am not in a position to make a statement on motions. I can say, however, that our department is examining several alternative areas for fishing, lower cost insurance and financing through our new

Salt Fish Development Corporation next year to help vessel owners from the Labrador fishery.

Mr. Lundrigan: Could the minister indicate in a general way whether the government plans any form of assistance to the Atlantic fishermen in view of the fact that they had a complete failure this year?

Mr. Speaker: Order, please. This is a request of the minister for a statement which should normally be made on motions.

Mr. Lundrigan: I am simply asking whether the government is planning anything and I should be able to expect a very simple yes or no answer.

BROADCASTING

EFFECT OF CRTC DECISION RESPECTING CABLEVISION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, in view of the fact that the Minister of Transport was not here when the CRTC made its decision last week, might I direct this question to him. In light of the CRTC decision on microwave broadcasting, would the minister take a stand against this type of unwarranted intrusion into the affairs of Canadians?

[*Later:*]

Mr. Paproski: On a point of order, Mr. Speaker, I would like to ask why the Minister of Transport did not answer my question. If he feels he cannot answer it now, then I would like to bring it up at ten o'clock.

Mr. Speaker: The minister was not allowed to answer the question because the question was out of order.

Mr. Paproski: Ten o'clock, Mr. Speaker.

NATIONAL DEFENCE

CANEX CENTRE, CHILLIWACK—USE OF NON-UNION LABOUR

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I should like to ask the Minister of National Defence if the government has authorized a $850,000 Canex retail and recreation centre at Chilliwack Canadian Forces Base allegedly being built by non-union labour? I should like to ask if the minister—

Mr. Speaker: Order, please. The hon. member's question should be placed on the order paper.

HARBOURS

VICTORIA FISHERMEN'S WHARF—RESTORATION OF POWER AND LIGHT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct this question to the Minister of Transport. In view of the appeal by the Victoria fishermen's local regarding the fact that power and light on the fishermen's wharf at Victoria have been cut off since last summer and the fact that this is now a danger to persons, vessels and navigation in this area, will the government take immediate action to restore power and light on this wharf?

Mr. Speaker: The hon. member has made a representation and must assume it has been noted by the minister.

REGIONAL ECONOMIC EXPANSION

CLOSING OF FAIREY AVIATION PLANT—INQUIRY AS TO REMEDIAL ACTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wanted to address a question to the Parliamentary Secretary to the Minister of Regional Economic Expansion but I see he has just left the chamber. I had hoped that he would be able to answer the very relevant questions asked yesterday concerning the relief of several thousand people directly affected by the announced lay-offs at the Fairey Aviation plant in Dartmouth.

PUBLIC SERVICE

DELAY IN ISSUING RETROACTIVE PAY CHEQUES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to my friend and neighbour, the Minister of Supply and Services. In view of the many frantic appeals reaching us from federal public servants regarding retroactive pay cheques, can he say when this matter will be put in a current and satisfactory position?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, I am pleased to be able to report that the Central Pay Office is making real progress toward the objective of cleaning up the backlog. This backlog of cheques has been reduced by 21,500 in the last 13 working days. I would also like to draw to the attention of the House that although we hear a great deal about the cheques that are not being paid, Central Pay Office is a very hard working group, and they

actually issue on time half a million cheques every month.

Mr. Knowles (Winnipeg North Centre): A supplementary question. In view of the income tax problems that would be created if some of these cheques are not received until 1970, can arrangements be made for all of these retroactive cheques to be dated in 1969?

Mr. Speaker: Orders of the day.

• (3:00 p.m.)

[*Translation*]

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—CONSIDERATION OF SOCIAL CREDIT MONETARY PROPOSALS

Mr. Gilbert Rondeau (Shefford) moved:

That, in the opinion of this House, in order to remedy the economic paralysis in Canada, parliament should give serious consideration to the monetary proposals of the Social Credit party and proceed as soon as possible with the following:

1) financing of public funds by credit advances at a nominal cost by the Bank of Canada to be repaid at the rate of depreciation of the works achieved;

2) distribution of a national dividend to each Canadian citizen in order to ensure, out of the Canadian national product, at least his minimum living expenses;

3) balancing the sum of prices attached to the Canadian national product with the purchasing power in the hands of the consumers by means of a discount allowed to the latter.

Mr. Speaker, I am happy to move, on behalf of the Ralliement créditiste, the motion which appears on today's order paper and which deals first of all with the economic paralysis in Canada, and also with the measures that the Créditistes are proposing to correct the situation.

There is no need for long speeches to prove that economic paralysis does exist in Canada at the present time. As a matter of fact, it is enough to read the briefs submitted yesterday by the provincial premiers at the third constitutional conference. The latter are all agreed that it is not to constitutional problems that the conference should devote its time but rather to economic ones.

There are several types of economic problems: inflation, regional disparities, unemployment, investments, taxation and taxing powers.

Although they are different, these problems have one common aspect. They all have

[Mr. Richardson.]

financial consequences, for in order to settle all these problems we have to talk solely about money and financing.

That is the key to the solution of all these problems. Each time the provincial premiers and the Prime Minister of Canada (Mr. Trudeau) meet at federal-provincial conferences they have to deal with the same matter, to tackle the same question: money.

When confederation was established, the provinces were given their own responsibilities, such as education and road construction. The federal government kept the responsibility for finance.

The prime responsibility of the federal government was and still is to make funds available to the provinces, so that the latter may discharge their duties adequately.

The prime responsibility of the federal government is to provide financial blood, which is money, and make it available to each of the provinces. But since it does not play its part, the provinces do not have enough funds or financial blood to discharge their responsibilities adequately. Therefore, we note that the members of the Canadian financial body, that is the provinces, increasingly wish to part from it, on account of the deficient flow of financial blood. The financial paralysis has affected each member of confederation.

More and more, each member would like to separate from the Canadian economic body which does not allow it to live because of a lack of economic blood or money. Every one accuses the government of feeding some members too well, to the prejudice of others. Lack of economic vital fluid is mostly due to a financial haemorrhage suffered by the federal government that does not allow the Bank of Canada to operate in keeping with the Canadian resources and the needs of the provinces, a financial haemorrhage which we should not tolerate.

To the eight chartered banks of the country, the federal government sold for a mess of pottage—the campaign fund—the power to manipulate, to create and to destroy the economic blood of the nation, that is credit, that only a so-called sovereign government should possess and keep, by controlling the Bank of Canada.

That is the cause of the financial haemorrhage in Canada. And that is why the provinces are paralysed and why several of them obviously want more and more to part from the body which "separates" them, because it does not supply them with the economic blood, money, that it had undertaken to provide

them in the early days of confederation so that each one might carry out its responsibilities.

The Cred.tistes are not the only ones nor the first ones to note that Canada is paralysed by the sovereign power to issue and control the coun ry's currency, a power which has been used for private purposes rather than for the common good, as the government should.

I should like, at this point, to quote authorities in several fields, who said before us what we have been saying in this House for about 30 years, and who denounced the financial system which s ifles the provinces and the federal government.

The former prime minister of Canada, the Right Hon. Mackenzie King said in 1935, and I quote:

As soon as a nation ceases to control its currency and its credit, it does not matter who makes the laws. Usury once under control ruins all nations.

In his encyclical letter *Quadragesimo Anno*, Pope Pius XI stated, and I quote:

This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit, and determine its allotment, for that reason supplying so to speak, the life blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.

All economic life has become terribly hard, cruel and implacable.

Some bankers and economists have also discovered before us what we are describing today. Mr. Graham Towers, governor of the Bank of Canada, had this to say, and I quote:

Evidently, the banks create money out of nothing.

Mr. R. G. Hawthrey, an eminent economist and a high official of the Treasury Board, stated the following, and I quote:

When a bank makes a loan, it creates money out of nothing.

Mr. Eccles, president of the United States Federal Reserve Bank said, and I quote:

Banks create and destroy money.

And Reverend Georges-Henri Lévesque, O.P. remarked:

When high finance and the two old-line parties fight Social Credit, they fight against the common people since Social Credit is for them what light is to man. They constantly persecute the supporters of Social Credit for fear of losing their monopolies and their powers.

This was his concluding statement, and I quote:

If you want neither communism nor socialism, set Social Credit against them, for into your hands it becomes a terrible weapon against these two enemies.

I should also like to quote U.S. presidents and financiers such as, for instance, the former Canadian Finance Minister, the Honourable Donald Fleming who stated in 1959:

[*English*]

I emphasize that the government of Canada has no power of control whatsoever over the money supply.

[*Translation*]

And the Right Honourable Reginald McKenna stated, and I quote:

[*English*]

Those who control the credit of a nation direct the policy of its government and hold in their hands the destiny of the people.

[*Translation*]

And in a book on political economy entitled "Understanding the Canadian Economy", Mr. W. Trimble stated, and I quote:

[*English*]

We have already learned that the most important kind of money is credit created out of thin air by the banking system. Ninety-five per cent of the volume of business in Canada uses money that isn't there. Banks lend it out of nowhere to people, and when it is paid back, it returns to nowhere. It can't be seen, yet it can make the difference between full employment and mass unemployment. Most of the revenue of banks is interest on money that does not exist.

[*Translation*]

When Senator Louis T. McFadden remarked that our financial system was an imitation of the American system, he said, and I quote:

[*English*]

The federal reserve (privately owned banks) are one of the most corrupt institutions the world has ever seen.

[*Translation*]

And further on, President Andrew Jackson stated, and I quote:

[*English*]

If Congress has the right under the constitution to issue paper money, it was given them to be used by themselves, not to be delegated to individuals or to corporations.

[*Translation*]

And on page 394 of the proceedings and evidence of the Committee on Banking, Trade

and Commerce, one finds the following question put to the former governor of the Bank of Canada, Mr. Graham Towers, and I quote:

[*English*]

Question: Will you tell me why a government with power to create money should give that power away to a private monopoly, and then borrow that which Parliament can create itself, back at interest, to the point of national bankruptcy?

Mr. Graham Towers: Now, if Parliament wants to change the form of operating the banking system, then certainly that is within the power of Parliament.

[*Translation*]

The Right Hon. Prime Minister Mackenzie King said on June 27th, 1934, as reported in *Hansard*:

[*English*]

As I said the other evening, once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility all talk of the sovereignty of Parliament and of democracy is idle and futile.

[*Translation*]

United States President John Adams said in 1787, and I quote:

[*English*]

All the perplexities, confusion, and distress in America arises, not from the defects of the constitution or confederation—not from want of honour or virtue so much as from down right ignorance of the nature of coin, credit and circulation.

[*Translation*]

I could cite hundreds of other statements by financiers and economists who said before us what we are repeating about the control of finance in Canada.

The explanations and the quotations I have just given justify the Ralliement Creditiste's wish to change our present financial system and to give Parliament a necessary and absolute authority as regards control over issuance of money and creation of credit.

• (3:10 p.m.)

In my opinion, the lengthy list of authorities in that field is sufficient to convince us that it is urgent and imperative for parliament to bring about the necessary solutions to the present financial problems. To those who claim that Social Credit is wrong—which is not yet proved—I retort that the present system has already proved without any shade of doubt that it is wrong.

For example, the Prime Minister (Mr. Trudeau) has been talking for some time about inflation. The steps he advocates to fight it remind me of firemen who, to fight a fire, will stir it up.

Inflation is the result of the present financial system. Créditistes are charged, often through ignorance, with wanting to establish an inflationist system in the country.

Inflation is here in Canada right now, and growing daily, and yet we do not have Social Credit. There are two potential causes for inflation: scarcity of money or scarcity of products. When products are in short supply, prices go up, but that is not our problem for the time being since there is no scarcity of products in Canada.

Scarcity of money can also be a cause of price increase, or inflation. When consumers are short of money, strikes occur; they in turn result in salary increases, which contribute to higher prices. That is the only cause for the inflation we are experiencing in 1969.

A shortage of purchasing power forces consumers to claim higher wages, which brings about price increases. Increases in salaries because of strikes, tax increases by all governments, interest rate increases at all levels, those are the three main reasons why prices get higher, thus downgrading the purchasing power. Increases in expenses for consumption are followed by a reduction in the purchasing power and by an increase in production costs.

We suggest that, to fight inflation, we must achieve an economic equilibrium between production and consumption by a well-balanced purchasing power. Our economic system is made of three elements: production, distribution and consumption.

It is proven that our wealth distribution system is wrong and inadequate since it does not permit the high modern production to reach the consumers.

It belongs to the governments to govern and if our financial system does not permit the distribution of the goods we are able to produce it should be replaced by another. Many backward economists and theoricians say that consumption should be financed by production. We, creditists, say that because of the insufficient buying power resulting from the production process, a gap is caused between the total consumption prices and the total buying power resulting from this very same production.

Under the present system, people try to close this gap by means of mortgages or debts on the future. They try to close this gap by putting into the consumers' pockets money obtained through getting into debt, so that this debt money and the money earned

through the production process, may enable the citizens to buy goods.

This is a fallacy which may be worded as follows: Buy today the production of yesterday with the money of to-morrow. Or to put it differently: Incur debts for the future generations to live today with the production of yesterday!

Adam Smith, the world-renowned economist and author of the *Wealth of Nations* stated in connection with the objective of production:

[*English*]

Consumption is the sole aim and purpose of production.

[*Translation*]

The aim of production is consumption. Our economic system is made up of three areas: production, consumption and distribution, and nobody now believes production to be lacking, because all provinces, social classes, manufacturers and sellers, at any level, are faced with the so-called problem of production and even overproduction, as we are told.

And in the meantime, all provincial governments, and every city and municipality are faced with social problems. They are a prey to misery, poverty, or the victim of regional disparities despite abundance.

Production is not lacking, yet consumption is inadequate. Two thirds of mankind have to do without the bare necessaries of life in 1969. In Canada, the problem is similar. Why? Because our distribution system of goods and services does not work, or works inadequately.

We suggest therefore that the federal government, which controls the issue of money and credit in the country, should keep in circulation an amount of money equal to the total amount of production.

In other words—and that is easy to understand—the amount of money in circulation should be based on the total amount of production. If the production in Canada is worth $72 billion in 1969, the government should maintain economic balance through the Bank of Canada by circulating $72 billion by which it is always possible to buy for $72 billion worth of the production proposed to the Canadian people.

But, under the present system, there are about $50 billion in circulation whereas the production of goods and services is worth $72 billion. One should not try to pour a gallon of liquid into a quart container or to put a ton of anything in a 500-pound bag or 72 gallons of gasoline into a 50-gallon container.

How then should $72 billion production be distributed with a purchasing power of $50 billion? Social Credit wants to balance the Canadian purchasing power against the global volume of production, that is to say, to base the amount of circulating currency on production. Money should serve production and production should be subordinated to consumption. Money is a medium of exchange and the money in circulation should be equal to the value of goods to be exchanged.

Does not the federal government issue as many stamps as are needed to post all the letters of this country? Stamps have a specific face value and they are issued according to postal requirements. We have nothing to say against this.

Money has also a nominal value and there should enough of it to match production. Why should there be a lack of drinking water in the house when lakes, rivers and municipal reservoirs are full, if not because the water system, that is the aqueduct is out of order or too small?

Why should one freeze in the house when the tank is full of fuel oil, if not because the heating system which distributes the heat is out of order or is not working?

Why should the worm in the apple die of hunger, if not because the apple is too big?

Why should we die of thirst in a boat on a lake, if not because we are lying tied and bound in the bottom of the boat?

At the present time, the government is tied and bound in the bottom of the financial boat and that explains the economic paralysis in Canada.

In 1935, the Prime Minister of Canada, the right hon. William Lyon MacKenzie King, promised during the election campaign to fight big finance, but once in office, he failed to do it. Once more, the capitalists won without having to fight and the people were once again deceived.

Mr. Speaker, before concluding my remarks, I would like to suggest some practical solutions to the problem of finance in Canada, as well as to the distribution of wealth. We have proposals to make to the government which unfortunately, is tied and bound in the bottom of the financial boat while people are starving even in a period of abundance.

The first thing I would like to deal with is the following:

[*English*]

(1) Restoration to the sovereign community of effective control of money in all its forms and

(2) The establishment by the Canadian Parliament of the machinery which would secure regular equation between the community's production and the community's purchasing power.

Social Credit supplies the principles upon which such machinery can be constructed. In brief these principles are as follows:

● (3:20 p.m.)

The setting up of the Credit Authority, consisting of statistical experts whose duty it will be to draw up a statement of consumption and production of consumer's goods for a convenient period expressed in terms of dollars at current prices. This account would be drawn up at the end of each accounting period and would provide the measure of the extra money needed by the people to buy all the goods produced. The results of one period's production and consumption would provide the basis of the issue of extra money for the ensuing period and it follows that the extra money to equate consumption with production would in this way be based on the amount of goods produced but unsold in the earlier period.

Two methods of issuing the extra money are proposed and they are inseparable if the method is to be technically sound. This feature cannot be overemphasized. They are the dividend and the scientific price discount. Purchasing power can be increased either by increasing incomes without an increase in prices, or by lowering prices leaving incomes unchanged.

The dividend will increase incomes and in theory would be paid as a right to every member of the community although expediency might dictate that it should be used to pension the aged, give greater educational facilities or improve services in some other desirable way. The price discount would apply to all retail sales and would be a flat rate calculated according to the figures in the hands of the Credit Accountants.

The essential point is that together the price discount and the dividend would make up the deficiency of purchasing power in the hands of the consumers.

If we take token figures and put production at 10 and consumption at 7—if the dividend distributed one unit then the price discount would be 20 per cent and thereby the whole of the gap would be made up.

If the discount were 20 per cent, all retail prices would be marked down by that rate and the retailers would be reimbursed by an issue of credit which would be debited to the Credit Account. Just like the present system of finance as has been explained, the Social Credit system would be a system of bookkeeping. The difference would be that the issue of money would be based on the amount of goods in existence and would be a true representation of the physical facts instead of one in which poverty and unemployment exist simultaneously in a rich land. The price discount is the supreme discovery of Major Douglas because it offers a means of translating into accountancy the truth that the cost of production is consumption. The physical cost of producing is the amount of energy used in that production. That means the food, etc., consumed by the producers. The financial cost under the present system includes factors which do not represent food etc., consumed, and the books are falsified. The price discount by enabling goods to be sold below financial cost would bring the books into line with physical facts.

[*Translation*]

These explanations summed up in the motion debated today, would allow Canadians to enjoy a logical, sensible and well-balanced economic system. Production could reach the consumers, thus enabling about 100,000 families who are at present living on family allowances, to work and produce for the benefit of all Canadians.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we welcome this debate and I have no hesitation in saying so. The motion and the speech that has just been made by the hon. member for Shefford (Mr. Rondeau) raise serious and important questions and I hope that the members of the House will give these questions the attention that they deserve. I confess that it is not my intention to comment on the remarks made by the hon. member for Shefford regarding federal-provincial relations. That is another subject of great importance. Neither is it my intention to delve into the particular financial or monetary theories which are involved in the motion that is before us. Those theories will be defended by my friends of the Ralliement Créditiste. They no doubt will be attacked by members of the other parties. It is a debate we have had a good many times in this House.

However, Mr. Speaker, I welcome most strongly the motion placed before this House which suggests in paragraph (2) that a first charge on the production of this nation should be the guarantee of minimum living expenses to every Canadian. There are many ways in which to phrase that proposal, but I submit that in whatever way one puts it, it relates to the most important question facing this country, namely the absolute necessity of our abolishing povety in Canada. I agree with my hon. friends that branching out into various side issues is not the way to abolish poverty, nor will we do so by concerning ourselves with other things. We should come directly to the problem and see to it that we get the means of livelihood into the hands of all our people.

Surely, it is not necessary for us to stress the urgency of the poverty problem, but I do

have two or three press clippings or quotations that I should like to put on the record, a couple of which came into my hands a few days ago.

A press dispatch from Vienna quoted Mr. Maurice Strong, the President of the Canadian International Development Agency, who made a speech at the Vienna Development Institute in that city recently. Mr. Strong spoke about the blight of poverty as it hangs over our world and I should like to quote a couple of sentences from the report of his speech.

> It is not realistic to expect the people of the less developed countries to reach the level of affluence of the developed countries in the foreseeable future, Strong said. But dire poverty forcing people to live in sub-human conditions has to be overcome.

Then, there is this direct quotation from Mr. Strong:

> "Today for the first time in history this is a practical proposition. I share the conviction of those who say that if it is not done, civilized life on our planet may not survive much beyond the end of this century.
>
> A new dark age is not a vague threat. It is a real possibility."

• (3:30 p.m.)

That is the world picture. Mr. Strong went to some lengths to make it clear that the gap between the rich and the poor, the gap between the have and the have-not nations, is actually growing and that it can engulf our whole civilization unless we do something about it. That clipping, incidentally, came into my hands almost at the same time as another which includes a photograph of a certain family, underneath which are these words:

> Aristotle Onassis and his wife Jacqueline, the former Mrs. John Kennedy, have managed to spend between $15 and $20 million since their marriage last year. Big spender? Not really... not when you have nine residences which have a total of 202 servants on duty at all times around the world.

I shall not comment on that, Mr. Speaker; I have simply read it into the record. But I suggest that these two clippings taken together, on the one hand, poverty so harsh that it could engulf our civilization and, on the other, downright sinful affluence, present a situation about which we simply must be concerned.

Lest we think this problem is not so much domestic as it is international, I would remind hon. members again of the forthright statement made to us in the Fifth Annual Report of the Economic Council of Canada in that important chapter on poverty:

> Poverty in Canada is real. Its numbers are not in the thousands, but the millions. There is more of it than our society can tolerate, more than our economy can afford, and far more than existing measures and efforts can cope with. Its persistence at a time when the bulk of Canadians enjoy one of the highest standards of living in the world is a disgrace.

Further on in the course of this chapter the Economic Council points out that 27 per cent of the people in the non-farm population of Canada are living below the poverty line, and that the figure is 29 per cent if one includes both farm and non-farm population. The Council does give different sets of figures, and it says that in some cases the statistics given may be a little high. But it states on page 110 of the report that to describe at least one Canadian in every five as suffering from poverty would not appear to be an exaggeration.

So, Mr. Speaker, the problem is with us; it is with us in the world, and it is with us in Canada. I do not blame the members of the Ralliement des Creditistes for giving us once again their theories. Some hon. members on the other side will probably tell us that their theories are silly—that is the word which is often applied to them. But I suggest they are not half as silly as the principles upon which we are working in this country today, the principles which leave us with a few people who enjoy great affluence while at least a fifth, and probably a quarter, of those who live in Canada endure dire and degrading poverty. We have got to cope with this issue. We have got to solve it.

It seems to me that sometime, soon, we must face the fact that there is no easy solution, no magic trick, no financial, fiscal or monetary formula which, if put on the books, will solve the problem. The fact is, we must get more goods and services, more housing, more education, more health care, more money into the possession of all our people. Therefore, when my friends on my immediate left talk about the desirability of making arrangements which would provide a guaranteed annual income for all our people I am happy to stand in this House and commend them for having brought this issue to our attention.

Some hon. Members: Hear, hear.

Mr. Knowles (Winnipeg North Centre): It is interesting that a topic such as this should be

Monetary Proposals of Social Credit Party

the subject of debate in the House of Commons during the very week in which a federal-provincial conference has spent a fair amount of time discussing the question of income security and income protection. I am not completely satisfied with the position the federal government took in the white paper which was tabled last week, but I must say it is so much better than any position I thought this government would take, that I am pleased with it. I am pleased that the federal government has said that it is a national, a federal responsibility, to be concerned about providing or protecting the incomes of all our people. I hope I am not misinterpreting the Prime Minister (Mr. Trudeau) if I see it in this light. He is saying, it seems to me: We must maintain family allowances under federal control so that we can do something about the income position of the young; we must keep old age pensions under our control so that we can protect the incomes of people who have retired; for those in the in-between group, we must keep unemployment insurance under our control and we must also, as the federal government, be responsible for sickness insurance and income maintenance. So today there is talk about a guaranteed annual income. What puzzles me in the words I have heard from the Prime Minister this week, in the white paper, and in the radio and television despatches, is a line of his which goes something like this: It is our responsibility to be concerned for people, and to do something for them, when they are poor, when they are unemployed, when they are ill, when they are old, and so on.

Can we not get to the point at which we do things for people in Canada simply because they are people? It is this eternal categorizing of people as poor, as unemployed, as welfare cases, which bedevils any attempt to build a just and humane society in Canada. We have to get the means of livelihood to the people as people. This is why I welcome the language in the second part of the resolution under which a portion of our national product would be distributed to all the Canadian people simply because they are Canadians, simply because they are human beings, simply because they are here.

Most hon. members who have been around half as long as I have been here, let alone all the time, know how strongly I have felt during all my public life about means tests and incomes tests. I think they are degrading because of the reasons I have just tried to put forward; they pick out people not as human beings but as welfare statistics. The day will come when we shall get away from that attitude and, instead, provide goods, services and money for people just because they are here, just because they are Canadians.

It is the universality of the concept in the second part of the resolution which appeals to me. I think this is a concept we shall have to adopt if there is to be any question of a just society, of a more humane society, of any kind of society with any heart in it at all. I come back to what the Prime Minister has been saying in the last few days, both in the white paper and to the federal-provincial conference. I welcome his insistence that the protection of incomes must be a federal responsibility so that there may be a sense of community among Canadians from coast to coast. I commend him for it. But my heart sinks when I hear him destroy this concept by saying, in effect, that we can only do things for people when they are old, or sick, or unemployed or otherwise disadvantaged. We do not provide education on this basis. We do not provide roads or postal services—if we still have postal services—or national defence on this basis. All these things, and many others, we provide on a universal basis. They are here for all of us.

• (3:40 p.m.)

I think that a certain standard of living for all of us must come, and that it will come. I have no doubt in my mind that it will come, even if it takes two or three decades. Therefore, it hurts me to see the Prime Minister, who poses as a progressive, a modern thinker, a swinger, talking this old language of doing things for people because they are in need. In other words, he means a means test, he means a needs test, he means a shelving of the principle of universality, which I think is the only principle upon which we can build a just society.

I know the cry will come back that this kind of a just society will cost money. I would not be surprised if this cry comes in the speech that will be made when I sit down. It will be said that it is going to cost a lot of money to pay everyone a guaranteed income. The first thing I do in answer to that is to pick up the fifth annual review published by the Economic Council of Canada and read a sentence that appears at page 105:

> It has been estimated in the United States that one poor man can cost the public purse as much as $140,000 between the ages of 17 and 57.

I suggest the U.S. government could have given such a poor man $3,000 a year all those years and still be ahead. In the process you

might have made him a human being instead of just another welfare statistic.

Let me move on and say that I do not quite agree with my hon. friends in the Ralliement des Créditistes who express the notion that the solution is easily accomplished; that if you pass the right bills, fiddle with the books, issue credit, print money and so on, you can solve the problem. I do not think you can solve the problem in that way. I think what has to happen is that we must produce all of the goods and services we can, and that we have to distribute and redistribute those goods and services on the basis that as a first priority there must be a guaranteed minimum income for all our people. If this means challenging the myth about a wage and salary elite, then I am all for it. If it means that we cannot go on expounding the old theory that if you have a lot of wealthy people this wealth will trickle on down, then I am all for it.

I know that what I say now will be unpopular, but I deplore the suggestion being made these days by public representatives that they should receive more pay so that they can do their work better.

Mr. Lambert (Edmonton West): They do not all have your absence of personal responsibility.

Mr. Knowles (Winnipeg North Centre): I knew that would evoke some comment. But somebody has to give the lead in this matter, and who better than the elected representatives, who better than members of parliament? The more we try to solve the problems of the poor by granting salaries that are high at the top, the more we will widen the gap and the more unjust our society will become. If helping the poor means taxation, cutting into the concept of a wage and salary elite, then I am all for it. It will be costly, yes; but the cost might be worthwhile if we realize that what is at stake is the saving of our society, the saving of our civilization.

The Economic Council of Canada has said that unless we can cope with the problems of poverty, we can go under. Maurice Strong has said about the world that unless we can cope with the problems of poverty, "civilized life on our planet may not survive much beyond the end of this century"; that "a new dark age is not a vague threat, it is a real possibility".

I see that 20 minutes pass very quickly, Mr. Speaker, but I hope I have made my point. I am not getting into an argument about Social Credit theory, but I do suggest that those opposite who say that Social Credit is silly had better show us that what they have is not just as silly, or maybe moreso. I suggest that what is really important in this day and age is to put a stop to the widening of the gap between the rich and the poor. This will be done not in some indirect fashion but by establishing a guaranteed standard of living for all our people, a standard that must be guaranteed to every man, woman and child in Canada. In my view this has the very first claim on the production of this country.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, it is always an honour to follow the hon. member for Winnipeg North Centre (Mr. Knowles), firstly because our respective constituencies are across the street from one another, and secondly because I think he is a member of parliament from whom a young or recently elected member can learn a lot.

Mr. Rondeau: Have you learned anything?

Mr. Osler: I hope I will always learn something. I am not going to criticize the intent of the motion moved by the member of the Ralliement des Créditistes. I am sure that the intent is good, though I find it difficult to understand its significance and the solutions that have been proposed.

Having said that, I acknowledge that there are problems in our monetary system, and that conventional wisdom does not seem to be coming up with too many answers. Therefore, as far as I can see, there is no reason why we should not listen to somebody whose solutions I find difficulty in understanding.

The hon. member for Winnipeg North Centre talked about people in business. I am also going to talk about people. People can be fed and housed only if money is generated. In the world today, money is generated by employment. If the hon. member would listen he might find wisdom in what I say.

Mr. Rondeau: I am listening.

Mr. Osler: Jobs have to be created by business. Businesses that provide the tax base of this country and supply funds for welfare purposes are not able to expand at the present time as much as they should. For example, a man telephoned the other day and asked me whether there was any way of knowing when the tight money policy of the government is likely to end because he had three or four very worthwhile contracts for work. He told me he was running out of

money and that he would have to get out of his business unless he could find financial backing. I asked him what happened when he went to the bank. He told me that the bank with which he had been dealing for some 20 years would not give him any credit. I asked him what kind of collateral he had, and he informed me he had a house worth $25,000 which was subject to a mortgage of $2,000, but his bank would not consider giving him a mortgage.

He asked me what he should do, and whether I could talk to the Minister of Finance (Mr. Benson) about it. I replied, of course, that I could not talk to the minister about it and I did not know what he could do. However, I did tell him what his problem was. I said his problem was that the bank was making so much money out of Chargex, credit cards, red convertible loans and all that sort of nonsense that they would not take a mortgage on his house so that he could expand his business and provide work for people in my constituency. It was as simple as that. If the banks will not put up this sort of money, then I do not know who will. It is terrible to admit that you are being fooled by people who keep insisting that the government's tight money policy is causing monetary problems when you know damn well that these people choose to allocate their funds to the high profit areas of investment that have no social significance whatsoever. If this deduction is true, and I think it is, then I suggest the so-called lack of funds that we are supposed to have today is not as severe as alleged.

• (3:50 p.m.)

I would say also it is perfectly obvious at this point that the banks are not going to play ball by helping anybody, from the Government down to the average fellow who does need a loan, unless they are compelled to do so. Loans to businessmen have dried up; mortgage money has disappeared and if housing bogs down it will bog down because it is impossible to get funds at anything like a decent rate of interest in order to pump those funds into much needed housing. The banks will tell us they are lending their money to the farmer or to somebody else and that they are doing such and such. Like hell they are. What they are doing is putting their money out on short term consumer loans at exorbitant rates of interest.

Credit may be a provincial matter, but banks come under the federal government. If the sort of thing I maintain is true can be proven by the facts and figures available to the minister, then I suggest the federal government must do something about it. The federal government is committed to solving the problem of regional disparity, problems regarding the provision of equality of opportunity, getting on with urban renewal and providing adequate housing—a million home in the next five years—pollution control, etc. All these things will have to be done by direct injection of public money or by some form of manipulation of existing money markets. I would much prefer to see some form of manipulation of the money markets, because I think this would be more efficient than having government agencies getting into the act with more and more government departments.

While there is a lot of talk about wage and price controls, and a lot of people in my area want to see these imposed, the real thing we should be considering is credit control. Why should we allow costly loans for luxury items? Why should we allow anybody to make the personal choice of getting a loan for a third car or even a second car in most cases? Why should we allow people to get loans to purchase mink coats or other luxury items when there is a lack of credit in significant areas of social need? There is no reason in the world why some form of credit control should not be imposed, in order to comply with the priorities set in this Parliament under the leadership of the government of Canada.

We need more money for urban renewal, for housing, for expansion of businesses and in other areas which are accomplishing constructive and useful things. The present voluntary restraints on prices and wages do not seem to be working and they certainly are not doing anything in the way of making money available where it is needed most. Even if voluntary restraints did work, they would still work hardships because they would not work evenly throughout the whole country. If they worked in Toronto and slowed things down, they would slow things too much in Winnipeg, Halifax and other places.

One of the most sensible approaches to this whole problem is in that area of credit control. This way we can decide upon our priorities and see that credit is used to further the growth of the country along the lines of those priorities. Let us take hold of credit and make it work for the good of all of us in Canada rather than against us.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, while considering the motion before the house, as a citizen of Alberta, I might simply say that the first paragraph of the said motion is the substance of it and that the remainder is old hat. I read and heard the same suggestions 35 years ago—

Mr. Rondeau: You failed to understand them.

Mr. Lambert (Edmonton West): People tried to apply the Social Credit system, but it fizzled out and they gave up.

What is the substance of this motion? It is the monetary policy of the Ralliement Créditiste.

[*English*]

I well recall the years from 1933 to 1939 and those propositions advanced by the Social Credit Party which are, in many ways, reflected by the detail in the subparagraphs of this motion. Certainly, the question of a national dividend is not new. This was discussed and there was an attempt made to initiate such a dividend. I well remember scrip money.

[*Translation*]

Mr. Rondeau: Mr. Speaker, would the hon. member permit a question?

Mr. Lambert (Edmonton West): No. Besides, the hon. member has already spoken. Moreover, my time is limited to 20 minutes.

Mr. Rondeau: Mr. Speaker, may I be allowed one question only?

Mr. Lambert (Edmonton West): No, not right now. Mr. Speaker, I am certainly not afraid of replying to the hon. member's question but may I be given at least the courtesy to finish my speech without interruption.

[*English*]

Having said that, Mr. Speaker, I can understand in some ways the motivations of the hon. member in putting forward these ideas in this type of motion. Hon. members of his party have been stirring around in my province trying to organize some of the old time Social Creditors to come forward and resurrect some of these ideas. It would appear that there is very little attention being paid to them.

I do not think there is much quarrel about some of the observations or diagnoses of the shortcomings of our society as described by the hon. member for Shefford (Mr. Rondeau). He is more familiar with his region than I am. That is also true of the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Winnipeg South Centre (Mr. Osler). We will differ radically on the emphasis to be placed on certain aspects and on the methods we may suggest to correct certain of the ills of our society. If we had to accept the views of only one person we would not have a democracy.

I can certainly argue against some of the points put forward by the hon. member for Winnipeg South Centre. He was advocating some sort of wartime control on credit to discourage the consumption of goods. I should like to know what all those people engaged in the fur industry in Winnipeg for instance would be doing were this to be the case. I suppose one can store any amount of goods on the shelves indefinitely without having to replace them. The number would then have to work with some sort of unemployment pool, unless he knows of other means to immediately employ those people who would be out of work because they were not producing those goods and services curtailed by the restrictions he wishes to impose.

• (4:00 p.m.)

We, as a society, can never produce all the goods or services we want. Everyone always wants more. We look for a better life. We look toward alleviating, shall we say, some of the discrepancies that have arisen in our society in respect of individuals either culpably or because of circumstances beyond their control. I do not believe anyone has any monopoly in the degree of concern for one's fellow man. Having said that, however, I cannot accept, for instance, the principles which are accepted by the hon. member for Winnipeg North Centre concerning an egalitarian universality, because I do not believe we were all created with the same qualities nor can we be directed in the same actions. If he can guarantee that with universality all individuals will be so controlled that they will not culpably place themselves in a position of want, in other words, that there shall not be waste, shall not be abuse, shall not be discrimination, shall not be cupable laziness or any of these things, then perhaps the principle of universality might be one that has some reliability.

On the other hand, that shall not happen. So, therefore, why say that you are going to, shall we say, by way of tax redistribute income? After all, income is a measure of the

return for the goods and services produced. Income is the measure. For example, the good farmer will receive a greater return than the poor farmer. The poor farmer may be on poorer land, but there are farmers who have less ability than others and there are men in business who have much less ability than others. This variation, I suggest, will always exist. It is one philosophy to say to everyone that because they are men or women they will be entitled to so much income or will be entitled to enjoy so many goods and services and no more because if they do produce more it will be taken away from them and given to others. That is a complete egalitarian philosophy.

But, on the other hand, I say to the Chef du Ralliement—

[*Translation*]

—to the leader of the Ralliement créditiste, who has been constantly preaching us in this House, that we must not tax the "haves" in favour of the "have-nots", because before long, there would only be "have-nots".

[*English*]

In other words, you cannot tax to transfer income from the "haves" to the "have-nots", at least in the context of the many repeated remarks of the Leader of the Social Credit Rally (Mr. Caouette). But I say to you, Mr. Speaker, in the light of the fact that we do have an insufficiency of goods and services, we must progress faster in exercising the priorities or demands of government and we must also proceed to determine the appropriate allocation of the resources. At the present time the public sector, federal, provincial and municipal, tax upwards of 37 per cent of the gross national product. It is estimated on good authority that on the basis of the actions of government at all three levels the demands of education, medicare, social welfare and other programs within the next five years will require 41 per cent of the gross national product.

It is very instructive, however, to note that in order to achieve that 4 per cent increase in the allocation of resources to the public sector it will require 45 per cent of the increase in the gross national product over the next five years. I would point out that this certainly would not be acceptable in my province, nor in any developing province, where people are prepared to work extra long hours. They are not bound by the hours of a negotiated agreement. They will work extra hours. They will absorb the worry involved in arranging for credit, meeting payrolls or obtaining other resources by using some of the ingenuity the good Lord gave them and some of the extra courage that is given to man to produce more. That is how we increase our gross national product. That is how we develop our country. This is how this country was developed so that we are able to sit here today, in this generation, and enjoy the resources we have.

Mr. Laniel: That is what Germany did after the war.

Mr. Lambert (Edmonton West): Are we to say to a man, a woman or a particular industry—people grouped in that industry—shall be penalized by extra heavy taxation so that the fruits of their extra labour may be distributed to others? This I do not believe Canadians as a whole are prepared to accept. We do not have that acceptance of an egalitarian society.

• (4:10 p.m.)

I will say this: I recognize it is my duty morally as a citizen of this country to assist my fellow man, but I will not accept that I must provide him with three mattresses on which he may lie for the rest of his life. I will provide him with assistance and encouragement so that he can become self-reliant and can produce. But, except in the case of those who are incapable by reason of illness, infirmity or circumstances beyond their control, I would say we as Canadians believe that every penny and every dollar spent for what is called the welfare of the public must be earned by somebody. It must be earned and it must be paid over to the government. The ability to support that type of expenditure is limited. It is like a business where the owner or those in control thereof—they can be shareholders—milk much more than the profit from the business. In other words, if the owner lives off the shelf of his inventory that business will die. In the same way our economy will die if we continue to draw more than we require to maintain the level of production, to renew our production and to increase our production.

Our Canadian society will improve with respect to its cultural achievements and its social justice only on the basis that the people themselves will work to increase the base upon which we can draw for the necessary funds, the necessary energy, and the necessary personnel required to carry out what might be called public activities. But if we are going to turn everything into the government, into the public sector, where are the

people who will work in the public sector? From where will they be drawn? From the other pools? We do not have a shelf of trained people in this country. We are underpopulated. We are under-skilled, and yet we find proposals that would make us prodigal of our resources.

I would say it is far better for us to proceed on the basis that we can preserve our economy, that we can make it expand and thereby encourage not only our own people to produce, but others to come here. It may come as a shock to hon. members to know that our birth rate has reached the point where we are barely renewing our population. We are at a point in the reproduction of our own population that is lower than the point in 1935, which was the previous low in Canadian history. Do we think we are going to develop this country and are going to have added population as a result of our own efforts? Of course not. We will have to rely on people who come to us from other lands. We will have to attract those people, and they are very good people, let me assure you. But they must be attracted to this land and opportunity provided for them. If we do not follow that course they will not come, and we will stand still.

I cannot find within the terms of the motion before us the type of encouragement that I would want for the society that I feel is required in order that we can put its resources together and develop our country. Of course, we will do things imperfectly, Mr. Speaker. My goodness gracious, we are human beings prone to error, subject to influences from outside this country over which we have no control.

I listened to the hon. member for Winnipeg North Centre (Mr. Knowles) talking about interest rates. Does he feel he can unilaterally drive down interest rates by government decree, particularly since the greatest influence on our interest rates comes from the United States. There is no Watkins formula that will eliminate that influence. We are social animals in this country, just like people in any other country. We cannot isolate ourselves within our own country. We live as a result of our inter-relationship with our fellowman in other countries. His conditions affect us; ours affect him. We are imperfect men. We make mistakes; we made them in the past and we will continue to make them in the future. But there is one thing we can do, and that is bend our energies and capabilities toward using our resources in the best possible way so that we can develop our country. I must say I cannot find any incentive within the terms of the motion before us to move toward that goal, and therefore I cannot support it, Mr. Speaker.

[*Translation*]

Mr. Bernard Dumont (Frontenac): Mr. Speaker, we have before us today a motion presented by the Ralliement Créditiste which reads as follows:

That, in the opinion of this House, in order to remedy the economic paralysis in Canada—

1. Financing of public funds—

2. Distribution of a national dividend—

3. Balancing the sum of prices attached to the Canadian national product with the purchasing power in the hands of the consumers—

Before dealing at length with the subject, since Social Credit is a subject one can speak of at length, I should like first to point out certain remarks of the hon. member for Edmonton West (Mr. Lambert). He referred earlier to that famous recession which we experienced from 1930 to 1940. He himself was one of those who were clothed by Canadians to go and fight for freedom on the battlefields of Europe for quite a substantial salary, following a very serious recession. In fact, the Canadian people found a way to feed those freedom fighters, to clothe them and to make it possible for them to throw bombs over Germany in the name of freedom.

Today, we experience an unacceptable inflation. One day I had a discussion with an economist and he told me that inflation is worse than the recession we experienced from 1930 to 1940. In fact, we all know that with $1 we cannot do much today.

If the hon. member for Edmonton West were intelligent, he would give intelligent explanations throughout Canada. In my opinion, this hon. member is nothing but the ombudsman of the loan sharks. He keeps on advocating a long obsolete system. In 1900, the explanation he gave would have been acceptable, for at that time Social Credit was practically unknown.

• (4:20 p.m.)

He accuses us of always repeating that we do not want to tax the rich in order to give to the poor. But this is simply communism and we are against communism. We want some purchasing power to be made available both to the rich and to the poor so that they may all lead a comfortable life in a country as rich as ours.

He went on to say that further credit is not advisable, since it would step up the pace of evolution, thus increasing inflation.

I wonder whether the chartered banks, whose profits have increased by 29 per cent, now suffer from inflation? Does inflation only affect chartered banks? The hon. member for Edmonton West is anxious to keep on extending his protection to those who are reaping extravagant profits and he does not see the dire poverty now prevailing.

Having said this, Mr. Speaker, in supporting the motion introduced by the hon. member for Shefford (Mr. Rondeau), I thought of conveying to the House the ideal, which is ours, we of the Ralliement Créditiste. I urge the members of all other parties who are willing to share it to follow the example of the Liberal member for Spadina (Mr. Ryan) and to resign from their party in order to freely express their opinions. Provided they have the same courage, they should, with the help of the former Minister of Transport (Mr. Hellyer), join the ranks of free people like us, as we have no financial ties and no election funds to dictate our policy. Let them consider seriously the proposals we are making today and let them not hesitate to join us, so that all people of goodwill may join together to have justice done.

In order to show that even the government sometimes understands this problem, I should like to quote the statements made by the Minister of Justice (Mr. Turner), in San Francisco, on December 1 last and I quote:

> Few problems are more disturbing than that of permanent and oppressive poverty. That such poverty should exist in Canada, as shown in the report of our Economic Council, is a disgrace.

The Minister of Justice added the following:

> It is useless to explain the nature of poverty to the poor, they know it quite well. They feel helplessness and despair as wounds, and destitution, as frustrations. They know what it means to live in dilapidated houses, to have no other park than the cracked street pavement and no other animal life than the rodents infesting their home. No task force impression is more vivid of mind and depressing of spirit than those formed amid the blight and slum of Canada's larger cities.
>
> In the most dilapidated downtown areas; ... poverty stares you in the face. It can be seen, heard, tasted, felt.
>
> The poor know what it is to live tossed about by sickness, family quarrels, interrupted studies and chronic unemployment. They know what it is to be victims of debts, discouragement, bondage and delinquency.
>
> The first physical need of the poor is that of decent lodging. Goodwill goes to waste in yards littered with rubbish, half-torn walls, gaping windows, cold radiators and drippy ceilings. The poor live in slums, and the slums make new poor.

[Mr. Dumont.]

If the Minister of Justice can make such statements and yet, in cabinet, cannot make himself heard, he can see the destitution even though he finds no solution. As early as tomorrow, he should recommend the study of the motion we have moved to the cabinet, so that, once and for all, all economic problems can be solved; and the shameless destitution be done away with; for if we can reach the moon, we can also feed humanity.

I agree with him: let us allow every family head to have a home of his own. But this cannot be done at interest rates of 10 and 11 per cent, such as we now have. Our minister can come out with those statements, but I wonder if he has spoken to the house of the paralysis of the Canadian economy.

Unfortunately, we notice that, the problem exists but when the time comes to correct it, we do not have the courage to denounce the financial sharks. The government is not firm enough.

So, here is what we advocate. I want to define clearly that we propose in order to help building up a country that belongs to the Canadians.

Everybody understands now that it is certainly not by lending money at an interest rate of 11 per cent or more, that we are going to save Canada.

Indeed, it is not by lending money to farmers at an interest rate of 9 per cent that we are going to help the agricultural class. It is not by letting the municipalities borrow money in Germany that we are going to solve the problem of inflation. It is not by allowing Quebec Hydro to borrow money on the American market at an interest rate of 11 per cent that we will reduce the cost of living, because already the province of Quebec, which is in serious financial situation, finds it difficult to borrow money. Let us refer, in this regard, to the requests of Premier Bertrand. Finally, it is not by imposing new taxes as it is intended for 1971, particularly on capital gains, that we will encourage Canadians to invest in Canada.

Let me analyse the statement of the Minister of Finance (Mr. Benson) concerning the taxing of capital gains. I think it is unsafe and, in my opinion, it will discourage private enterprise. Besides, I will give only one example to show how the government is ready to enforce an unjust legislation.

If an individual purchased bonds in 1965 at $5 each, when taxing him on capital gains they will decide to take as a basis the present lower market prices.

Those shares may be worth $3 today, but if, as is quite probable, prices resume their upward trend in 1974 or 1975, the Minister of Finance will be collecting taxes on a loss of $2 per share.

So I feel that the act is unfair. That is why I urge the Minister of Finance to reshape it in order to avoid inequities, because all those who invested their money in Canadian companies will otherwise invest it in American companies, which would lead to a drain of Canadian capital to other countries as our Canadian economy is stifled by the Minister of Finance who fails to pay heed to the voice of reason, or if you like to that of Créditistes.

Having said this, I should like to explain above all what Créditistes are suggesting to revive the Canadian economy which is on the brink of self-destruction while politicians are unable to give it a new stimulus in order to bring it back to life.

Our economy is gnawed by the cancer of inflation; it needs a new heart. Why not put new life into the dying through a Créditiste transplant?

Mr. Speaker, what I want to define now is, first, the objective of economic activity in any country, and essentially this objective is that the economy must meet human needs. As we understand it, under the present system, people have to live in misery and austerity, despite the present and potential affluence which could make it possible to meet all those human needs.

When studying the present monetary system and its effects, one notes that the major cause of disorder derives mainly, if not solely, from the fact that the consumers do not have enough money.

To confirm the statements of social credit supporters, let us remember those words that the great international financier, Vincent Cartwright Vickers, governor of the Bank of England, said in 1939, before dying, and I quote:

> With the help of nature, man is now able to produce more than he can consume, more food than he can eat, more clothing than he can wear, more housing than he needs.

If producers can increase their production, if ships, railways and other means of transportation are waiting to carry the resources and to provide the services they have to offer, the fault must lie with the consumer. Why does the latter paralyse trade, industry and world progress, and why does he prevent the advent of a durable peace by deliberately refusing all the good things that the world puts at his disposal? The answer is obvious. The consumer cannot afford to buy more because he does not have enough money. Unless one is prejudiced, the only possible conclusion is that the health and welfare of the individual, the happiness of the community and world peace depend mostly if not entirely on the monetary problem.

Of the amounts that business concerns transfer to the consumers, only a part is distributed to them, as revenue, as a payment for their services. The rest is transferred to other businesses as a payment for raw materials and equipment. As a result, the purchasing power of individuals does not enable them to buy the entire production. This theory has been criticized and not without some unfairness. The sums paid to other businesses, as has been noted, finally result in the distribution of income, since these other businesses also have to pay the services of the production factors used by them. This is undoubtedly true, but the payments as a whole are made only after an extremely long delay. This means that the purchasing power distributed in the course of production is never enough to buy the entire production whose value would keep on increasing. Douglas's thesis would therefore be valid on the "dynamic" plan.

"It would be true to say that the national income would be equal to the national production", writes Douglas, "if all wages, salaries and dividends related to production were used at the very moment they have been earned so as to purchase the production that distributed them." But such is not the case and over the gap between production and distribution is erected a mass of on credit buying power which never appears as income.

And so, the solution would be to adjust the global buying power to the global amount of the production prices. The Social Credit proposes to make this adjustment of the buying power necessary to the purchasing of the whole production and to the satisfaction of the consumers' needs in so far as the national economy permits by distributing a national dividend to each and every citizen, and by adjusting periodically the prices to the current buying power, so as to stop inflation.

A national dividend paid periodically to every citizen and the compensated discount are the two aspects of the plan for the distribution of wealth and services proposed by the supporters of Social Credit.

Credit is synonymous with trust. Credit is given to a trustworthy person. The physician

will enjoy the esteem of his patients and will have credit with them if they feel he can give them the care required by their condition. The pioneers who settled in America were confident that the new world would provide them with the necessities of life. That was the actual credit of America.

Many industries are starting everywhere, even in desert regions of northern Quebec. People trust to the future of Quebec and of Canada. That is the actual credit of the province of Quebec and of Canada.

The measure of the actual credit of a country, a province or a business resides in the exact evaluation of its capacity to produce and deliver the goods in sufficient quantity at the right place and at the time required by prospective consumers. More specifically, the actual credit of the wealth of a country or a province can be expressed in terms of potential goods and services.

One realizes then that the actual credit is made up of two factors: the capacity to produce and the requirements to be met. Both factors are closely related. The producer of wealth that nobody wants is as useless as a consumer of goods which are not produced. The consumer is as necessary to the production of actual credit as the producer. Actual credit is a joint creation.

Not only is the consumer as essential as the producer to create actual credit but the community as a whole is even more essential. From the economic point of view, a nation is an association of people engaged in the production of actual credit and thus, the government, as the guardian of actual credit of the community, must also protect the interests of both producers and consumers, since both are equally essential to the creation of actual credit.

However, since producers and consumers form together the whole community, we can conclude that actual credit has a social or joint origin: it belongs neither to the producer nor to the consumer, but jointly to the community of which everyone is a part.

Therefore, actual credit is a social factor. It is common and social, because it is the basis of the entire community. It derives its efficiency from the producers and the consumers; from the producers, acting as suppliers of capital and entrepreneurs, as well as the producers working with their own hands and their brains for the common task of developing the country and the whole world.

On the other hand, the other basis consists of the consumers. For instance, we know that a shoe factory would not be worth anything if the users of shoes decided to go barefoot, in the same way as a refrigerator factory is unthinkable at the North Pole, because there are no consumers, no buyers of that product in that area.

Therefore, we may conclude that Social Credit, far from being only a theory, is an undeniable fact.

That is why Tudor Jones who succeeded Major Douglas as chairman of the Social Credit secretariat, defined Social Credit as follows:

> The ability of human beings living in a society to attain the desired ends to their satisfaction.

While actual social credit—

• (4:30 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired unless the House unanimously consents to his continuing. Is there that consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Dumont: I thank the House for allowing me to proceed with my remarks. I will try to come quickly to a close.

An hon. Member: This does not mean that we will agree.

Mr. Dumont: Perhaps not, but to the end I will say that it is never too late to take a step in the right direction and there will always be time for approval.

The difference between actual credit and financial credit is that actual credit is based upon things, tangible goods actual or potential, whereas financial credit is based on money which, as we know, often bears no relation to things and produced wealth.

But it is clear however that financial credit based on money should reflect real credit, since money has value only if it allows to obtain things and wealth as well as to meet basic needs.

We are therefore finding out that financial credit serves to activate and to orient real credit. We know that money allows plants to operate, machines to run and workers to produce.

The banker finances the shoe manufacturer's real credit. He lends him money on

one condition only, that it be reimbursed to the bank not with shoes but with more money than was borrowed.

Here we have then the eventual consumers.

If there are no potential consumers or very few of them, the bank will make no loans at all or only a few. Financial credit is issued by the banks not to the producers of wealth considered as such, but to the producers of wealth considered also as producers of money.

As Major Douglas said: If a producer succeeds in convincing a bank that if he produces less, in other words, that in reducing production he will achieve a monopolistic position, he will certainly get a loan. One realizes that the banker is not interested in meeting the consumers' needs but rather in getting his money back with interests.

Meanwhile, we, the supporters of Social Credit and actual credit, believe that our credit is based on tangible things, on certainties, that it originates, so to speak, from the Creator's kindness, who put into earth, water and air all the resources necessary to satisfy people, and provided them with two arms, a mind and brains to make use of such wealth.

Financial credit, which should reflect actual credit, has been created by men, individuals, private organizations that can control and restrict it as they wish and can arbitrarily call for tight money during times when credit should be expanded.

In order to play its role as generator, financial credit must reflect actual credit, mesh with economic factors and consumers' needs. As Douglas said, a modern and efficient financial system should aim at expanding the consumer's credit to the limit of his capacity to produce.

What to do then? As Douglas said, provide additional purchasing power not included in the price of manufactured goods, thus stabilizing prices and enabling consumers to regain control over production.

According to Major Douglas, the price of an item with regard to its production cost, should bear the same relationship as does the production of the actual item with regard to the national consumption. Thus if an item costs $4, the consumer should be able to secure it for $3. That is the explanation of the compensated discount.

Social Credit therefore suggests to allow consumers to grant an additional purchasing power equal to the difference between production and consumption, or to decrease the production price to the actual cost which is that of consumption. In the first instance, it is a matter of dividend; in the other, it is a matter of compensated discount.

We have therefore proved that actual credit is social credit, a common credit, a credit shared by everyone.

In 1934, Major Douglas testified before members of the Standing Committee on Banking and Credit. When questioned as to the source of the national dividend, he replied:

> The origin of the national dividend can be explained in two ways: first by a very simply stated sentence, which is a matter of importance nowadays, a predominant factor. That is what happens, for example, when ten men are pulling a load. If each man draws on his own, they could exert their efforts for a whole week without moving the load at all, but if the ten of them take a rope and pull together, the thing comes off easily. It cannot be said that the huge increase in production made possible because of the partnership is the result of the particular efforts of one person; it comes from the group as a whole.

This is why, Mr. Speaker, we are convinced, in introducing this motion, that we are doing a service to Canadians, since we ask them to help us get rid of the tax burden and forget it altogether. Let us keep on making suggestions as we have done lately, by saying: Let us forget railroad taxes, old war debts, and let us rather build a country on the credit that we know is real, on the capabilities of the machines and the brains at our disposal. By calling upon all men of good will, since there is no shortage of products in Canada, everybody will have a home and will be happy to live in Canada, and the federal-provincial feuds of today would vanish into thin air.

• (4:40 p.m.)

[*English*]

Mr. Ross Whicher (Bruce): Mr. Speaker, I hesitate to take part in this debate because there have been so many conflicting viewpoints expressed. I wish to say right off the bat that many things have been said here this afternoon with which I do not agree. The last speaker, and the Creditiste members who have spoken, have treated the motion most sincerely.

What the motion is really asking us to do is to give everyone in Canada a dividend by printing more money. It suggests the Bank of Canada should give everybody a $1,000 bill or $1,000 credit which they can spend. In this way, those unfortunate people who do not have an electric stove, new car, or whatever they are lacking could buy what they want.

There is just one flaw in this proposal. I am sure all Canadian citizens would be glad to accept this money, but I wonder how the rest of the world would look upon it? This course has been followed on numerous occasions throughout history. I ask my very sincere friends in the Creditiste movement to read the history of Germany. Following World War I, that country printed money as if it were going completely out of style. As a result, their money became worthless. The same thing has happened to a lesser extent in Italy since World War II. That country has devalued its money at least six times, and maybe more. A short while ago France devalued its money for the second or third time since World War II.

I suggest if Canada starts printing money its dollar will be less valuable. Instead of our dollar being worth 93 cents in United States currency, it would only be worth 65 cents or 75 cents. We would lose the confidence of the financial people of the world. That is what would happen. When we would purchase goods from a foreign land, they would cost us much more. It is as simple as that. Instead of our dollar being worth 93 cents when purchasing grapefruit from California or Florida, it would only be worth 65 cents or 75 cents.

While this situation might be of benefit to the citizens of Canada in the immediate future—for about ten minutes I suggest—as soon as the financial people of the world heard about it our dollar would be devalued and they would have no confidence in the money of Canada. That is a fact, my friends, and there is no way you can argue around it. The Creditiste members are very sincere, so I hesitate to go as far as I might in saying these things. They remind me of a little girl six or eight years of age who listens with great interest when we tell her the story of Cinderella or Jack and the Beanstalk. Of course, the little girl believes it. These members also believe a fairy story. I suggest they should read about some of the things that have happened in the world in years gone by. Printing money simply does not work. It has not worked in Canada and, frankly, in the past few years we have been printing money—not $1,000 bills, but $1,000 bonds. We had been going in debt each and every year up to the moment that this great government took office. Consequently, we have this inflationary period. Money is not as valuable as it was previously because we have printed too much of it. If we print any more, it will be of less value than it is now.

[Mr. Whicher.]

One of the participants in the debate, I forget which one, mentioned that this inflationary period is worse than the depression and, therefore, we must do something about it. I believe it was a Creditiste member who suggested we should give a national dividend. This suggestion is also made in the second paragraph of the motion. This inflationary period cannot be underemphasized. It is a terrible thing. It is really legalized robbery, that is what it is. A small businessman or farmer who retired 15 years ago with $50,000 in bonds or cash in the bank, and who has been fortunate enough to live for the past 15 years, finds that today his $50,000 is worth only $25,000. That is what I call legalized robbery. The government must do something about inflation. I hope the steps they are taking are sufficient. If not, something further must be done. I do not hesitate to agree with our government officials, our high priced help behind the curtains, who state that something that works in wartime will not necessarily work in peacetime. I agree with that.

• (4:50 p.m.)

But something must be done, and it may be that prices wages and profits should be pegged as they were during the last war and in other wars. Let me emphasize this, however: while inflation today is terrible, let no one think it is as bad as it was back in the 'thirties. How many homes in Canada today lack a refrigerator or electric stove? How many do not possess a radio? How many have not one, but two cars? While I have every sympathy with the poor, the fact is that the poor today are not as poor as they were yesterday and that we in Canada can stand to attention before the rest of the world and say that within reason we have done a good job. I repeat what was said by the hon. member for Edmonton West (Mr. Lambert)—the sympathy we have for our fellow human beings who are less well off or less fortunate than we are, is not limited to members of one party.

If you do not believe me, Mr. Speaker, when I say we have done reasonably well, ask those hon. members on your left which other country in the world they would prefer. Would it be Italy or France, or Russia or China? Sometimes when I hear hon. members over there, members who are not all the way to the left, asking silly questions about Russia and China, and telling us what terrible things our friends to the south are doing, I think it might be a good idea if they were to take a slow boat to China and find out how living

conditions are there. I say we can hold our heads up reasonably well in this old world. Of course there is poverty in this country of ours but over the last 25 years Canada has done a very great deal to lessen its effects. Let us remind ourselves of such things as disability pensions. Do these exist in countries all over the world? What about such things as blind persons' pensions and old age pensions? Everyone in this chamber believes old age pensions should be increased. But how many dollars a month did our grandfathers get as old age pensioners in Canada? They did not get anything at all unless they have died just lately.

We have done a reasonable job. It is true our old age pensioners need more money, but suppose we doubled the present pension from, say, $109 a month to $218 a month. It would cost us $1,400,000,000. Hon. members in the far corner suggest we should print a little money and give it to the pensioners that way. But what would be the point of printing money if next morning the dollar was worth only 50 cents?

One way in which we can improve the lot of our citizens is by hard work. This has been proved in a country like Germany; it has been proved in Japan. It is unfortunate, remembering the awful war we fought, that the only country Germany is jealous of today is the other country which lost the war, namely, Japan. The reason is that over there people have a great desire to do all the work they can. To the hon. members who support this motion I make the following suggestion: they should take a trip to Germany or Japan and watch the people there going to work. They do not walk to work; they run to work. They see not how little they can do, but how much. This is why only a month ago the German Deutschmark was revalued upward and made more valuable.

There are other things we can be proud of here, such as the mothers' allowance. The amount could be increased, of course. Who would not be sympathetic to a situation of a deserving mother with three or four children to bring up. We know that in some of the provinces the money provided is not sufficient. Nevertheless, it is a lot more that it was 25 years ago and it will buy a great deal more, too. Take unemployment insurance. This is something which many hon. members feel has been abused. I, too, believe abuses have taken place on many occasions. Nevertheless, its introduction represented a great step forward. Who in this chamber would suggest that veterans do not deserve more money, especially those who gave their all so you and I might have an opportunity to speak as we see fit in this chamber? At the same time, who will say that our veterans are not treated better than any in the whole world today? And after legislation has been presented and dealt with here in the House of Commons in the course of the next few months I am sure the benefits available to them will be even greater.

The hon. member for Winnipeg North Centre (Mr. Knowles) delivered quite an oration on the subject of the poor. It would have been much more applicable in Biblical times when they really had poor people. He seems to feel there is no sympathy in the hearts of supporters of the government for those who are on the brink of what is described as poverty. All of us are in erested in their situation. The hon. member went on to suggest that simply because a man is a Canadian he should have the right to get a cheque every month from the government—not because he is disabled, not because he is blind, not because he is old, not because he is sick, but because he is here. Mr. Speaker, you will never shove that down my throat. While the Government of Canada has an obligation to provide us with a chance to make a living, it does not have any obligation to provide us with a living.

You and I, as citizens of Canada, have some obligations, too. One of them, if we have the ability and the required capacity, is to go to work. Work is a four-letter word which in the case of a small minority, a small percentage of Canadians, particularly among some of our young people, is not as well known as other four-letter words. I suggest that special attention be paid all over Canada to this word "work", spelled w-o-r-k. It is very necessary. The hon. member for Winnipeg North Centre maintains that he, as a Canadian, should get a cheque every month from the treasury of Canada without necessarily doing any work. In suggesting that, I believe he is like one of the three blind mice, going round in a circle continually without knowing when to stop. Indeed, it amazes me that a man like the hon. member for Winnipeg North Centre, one who is unquestionably sincere, one who knows more about this parliament than I shall ever know, should be unaware of the fact that in the world today socialism, giving something away for nothing, simply will not work. Let him look over to England, that once mighty country which only a few decades ago practically ran the world but which today is

drowning in a sea of socialism. If socialism is such a wonderful thing, if we should all get a cheque each month for the privilege of being Canadian, why is there no provision made on those lines in the United States, the country whose people enjoy by far the highest standard of living in the world?

There are many things we can complain about when we think of our United States friends. It is true that in many ways they have not done too well. But one thing in respect of which they cannot be criticized is the standard of living enjoyed in that country. It is the highest in the world, and it was achieved without what I call—and, to me, this is a horrible word—socialism.

How can we help our poor who are living on the brink of poverty, Mr. Speaker? I say we shall do it by educating them, and we are educating them. Today there are more of our children than ever going to universities and trade schools. They will be better citizens, equipped to go into the world and make a living.

• (5:00 p.m.)

In my opinion, this is the way we must approach the problem. Geographically, Canada is the second largest country in the world, and services must be provided its people from Vancouver to Newfoundland. Although with our small population we have done a remarkable job, I do not think we will ever advance economically by allowing people to sit on their haunches and collect a cheque each and every month whether or not they are physically able to work or, as my hon. friend who presented the motion to the House suggested, by simply printing money. Such a philosophy is just not sound.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, since the hon. member for Shefford (Mr. Rondeau) moved his motion asking the government to establish a production distribution system in order to ensure greater social justice, I have listened with interest to the speeches of the hon. members for Winnipeg-North-Centre (Mr. Knowles), Winnipeg-South-Centre (Mr. Osler), Edmonton-West (Mr. Lambert), and Bruce (Mr. Whicher).

I have been especially impressed with the speeches—if they can be called speeches—of the hon. member who preceded me, that is the hon. member for Bruce and of the hon. member for Edmonton West.

[Mr. Whicher.]

Those two hon. members, of whom one is a Liberal and the other a Conservative, have the same things to say, instead of being honest enough to study the heart of the matter. Those two hon. members have only one interest: to ridicule something that they do neither know nor understand because they refuse to study it.

And what is even more ridiculous is that the honourable member who has just resumed his seat was saying: I have much sympathy and esteem for the Canadian poor, just as the member for Edmonton-West.

A little later he was saying that there are no destitute people in Canada and that if we made a comparison with other countries we would find that everything was fine here.

Mr. Speaker, I wonder whether the same honorable member would have the courage to go and repeat what he has just told us to the two million children who live in poverty in Canada and the 350,000 women and millions of children who receive welfare allowances in this country.

I wonder if he would have the courage to admit that out of the 3,600,000 urban families in this country, only one in five earns less than $3,000 a year. I wonder if, to him, the fact that over 160,000 rural families earn less than $3,000 a year does not spell poverty.

For him, perhaps this does not represent social injustice, perhaps it is normal and desirable. After what he just said, I conclude that he is party to the system of flagrant injustices which we have in Canada.

Mr. Speaker, it was my duty to take part in this debate and try to be more realistic than the two members who tried earlier to shed some light on the subject and to put forth the views of Social Crediters on problems which are now confronting Canada.

We are witnessing today a paradox in our so-called "consumer" society. It is hardly necessary to study this society at length to discover that for more than 20 or 30 years, our governments, at all levels, have been insisting on production. That collective effort explains how our production, originally one of handicrafts, quickly became an industrial production through overwhelming individual and collective investments.

We also see that progress did not stop there, but that industrial production employs less and less manpower, for technological developments have increasingly replaced the worker, with resulting problems which I will go over very briefly.

In the first place, the unions must adjust to these new situations in order to safeguard the rights of their members. Second, we must face a rising in the cost of living. In the third place, the resulting super-efficient chain production is leaving less and less place for man. Fourth, unemployment can only spread.

On the one hand, technological developments are proceeding at great speed, encouraged by governments, and on the other hand, income is continually getting more uncertain.

I will, at this point, give a very simple illustration. For several years, governments have been encouraging dairy producers to develop their farms, to improve their production, to add to their equipment, for instance by purchasing bulk tanks. However, at the same time, the government takes steps to reduce their income. As a result, those people who are being encouraged by the government and have the means to live comfortably, must, under the same government, be content with an average annual income which, in Quebec, is under $2000.

That is the result in a society which claims to accelerate production but does not, at the same time, think about its distribution and consumption system. So the gap is widening from day to day, doubled by a steadily increasing need of capital for the various governments if they intend to meet the needs of a modern country in search of a policy while none is willing to stop that development.

Every government, be it Liberal or Progressive Conservative, wants to be considered as promoting progress. The need for money is forever increasing. According to its own concept it takes the money out of the pockets of the taxpayers in order to feed and to support that development.

This explains why the Ralliement créditiste is proposing today to the House a motion inviting the government to take the necessary steps to close this ever-widening gap between production factors on the one hand and consumption factors on the other.

The present government's policy, which I shall explain in a moment, cannot be effective in the so-called consumers' society.

Today, governments find—as has been seen at the federal-provincial conference on the Constitution now in progress—that social security programs cost more and more, and that they cannot be curtailed because the needs are ever-increasing.

This is easy to explain, because in our consumer society, the individual eventually reaches a profound state of insecurity and he has no means of pulling through.

To help the human being, governments resort to palliatives such as unemployment insurance, retraining courses for manpower, investments to eliminate regional disparities, welfare benefits, old age pensions, allowances to needy mothers, to handicapped, to veterans and to the blind. Some programs have been drawn up such as the manpower mobility program and ARDA—which are only temporary solutions—industrial incentives to create new jobs, and health insurance. Special subsidies are granted for the production of wheat, milk and, finally, an austerity program is drawn up which means: tighten your belts!

There you have the whole range of the steps conceived by the succeeding governments since 1867 in order to check the ever-increasing insecurity of Canadians.

The various governments are trying to cope with the problems through direct or indirect assistance, taking into consideration the financial situation, their obligations, their revenues and also the disagreements between the various levels of government.

Now, the population is increasing, the needs are greater and the cost of living is higher from day to day. The unions, which are constantly better organized, are making astounding efforts in order to obtain more security for their members. But in so doing, they unconsciously contribute to raise the price of goods and, consequently, to widen the gap between those who draw an income and those who depend on the state and benefit from the above-mentioned programs, so that in spite of the best intentions and the best men available, even when the government income is increasing, the condition of families and individuals is getting worse instead of improving, though the cost to the government is constantly increasing.

• (5:10 p.m.)

There is one thing that one cannot deny, whether one is liberal, conservative or member of the New Democratic party or of the Ralliement créditiste. Our society, which was first composed of craftmen, has become industrial thanks to investments and to common and individual efforts. It has now reached such a point that it is producing with such speed and efficiency that the production piles up and that it is sometimes necessary to stop it.

We then face a problem of over-production of wheat, of milk and its by-products, of automobiles and of almost everything we

produce, while living in a sub-consumption society. That is the paradox! On the one hand, in spite of all our efforts, we have built an over-productive society with surpluses on the shelves, surplus butter and surplus milk in the dairy shops, surplus grain in the elevators of the West. And during all this time, two thirds of the world population are starving, and our society does not consume all its production. This is the result of the policy the government has been following for a hundred years.

Mr. Speaker, thanks to the technological advance in all fields, our society has become one of consumption. Now, through this motion, the Ralliement créditiste is calling on the government to find a means to distribute that production, so that our society, instead of consuming only part of our production, may consume no more no less than the whole of it.

As we have devised various means to increase our production, it is essential for us, if we are sincere and serious, to find some way of making consumption easier. All modern societies are faced with this problem and conscientious members of parliament must, before saying that the members of the Ralliement créditiste are ridiculous and that there are no poor in Canada, be logical enough to study those proposals first.

That is why the members of the Ralliement créditiste unite to suggest to the government measures to encourage consumption of Canadian products.

Therefore, our first proposal is the following:

Financing of public funds by credit advances at a nominal cost by the Bank of Canada to be repaid at the rate of depreciation of the works achieved;

A moment ago, the member for Bruce, as the member for Edmonton West had done before him, tried to ridicule Social Credit by calling it a "money-making machine" which would cause inflation because money would be devalued.

I would ask those two members whether, when Liberal or Conservative governments went abroad to borrow $50 or $100 million in bonds to finance public utilities such as schools, churches, and the building of schools or bridges, it is fresh money that they fetched at rates of interest of 9¾ per cent as Hydro-Quebec did recently, for this money did not exist in Canada before and when it arrives in the country, it is under the form of new credits.

I should like the hon. members for Bruce or Edmonton West to say, if they are sincere,

[Mr. Fortin.]

what is the difference, as regards their effect upon the total purchasing power or inflation, between borrowing from the United States or Europe, and loans granted by the Bank of Canada.

In both cases, it is money which is added to the credit available to build our country, with the only difference that the money we borrow from foreign countries serves the interests of foreigners, because we pay off two, three or four times the initial amount account being taken of interest while in the case of the Bank of Canada, we should refund money on the basis of its face value, according to the real rate of depreciation of what we built.

When hon. members, under the pretense that the Social Credit philosophy is absurd—and let us not forget that they have not studied it, and that they refuse to do so—contend that we should keep on floundering in our present system, in order to promote underconsumption, they become the accomplices of big finance and show to what extent they can become slaves of an election fund.

Mr. Speaker, we also suggest, and I quote:

2. Distribution of a national dividend to each Canadian citizen in order to ensure, out of the Canadian national product, at least his minimum expenses;

3. Balancing the sum of prices attached to the Canadian national product with the purchasing power in the hands of consumers by means of a discount allowed to the latter.

There is one point which I cannot but mention: the various programs carried out by successive governments in an effort to cope with the insecurity experienced by an increasing number of citizens, are paid out of the taxpayers' money. This is why every year, whoever is Minister of Finance and regardless of the political stripe of the government of the day, a tax increase is announced. That is why we say: what is the use of changing from "red grits" to "blue tories" or vice versa.

According to governments, there would be only one source of capital: taxation, numerous taxes and foreign high finance. However, governments notice, as I do, the widening gap between rich and poor and also a certain discrimination which affects the less privileged. Let us carry out a tax reform in an effort to bring about justice and order so as to settle the problem.

In this connection, the present government resorted recently to window-dressing by presenting a white paper on tax reform. The government is trying to establish fiscal equality. To try is commendable, but to succeed, however, is another matter.

If one admits that every direct or indirect tax increases the normal price of goods and services, it is again and still the consumer who will foot the bill and as a result, the only taxpayer will always be the consumer. We live in a society of under-consumption in relation to our production. Whether we are rich or poor, whether we earn $25,000, $4,000 or even less than $1,000 a year like the farmers, the cost of living is the same for all of us without exception, without distinction and without mercy.

In order that a fiscal system be really equitable, there should necessarily be an equitable monetary system made up of a just distribution method of the purchasing power, according to the actual production of the country and to the needs of the consumers. Otherwise, any tax reform is only a poultice on a wooden leg and can only widen the gap between the rich and the poor.

The tax reform, as proposed by the government, is directed more particularly to the middle class and the family business. As for the rich, it only affects them slightly. It tends to be more favourable to foreign businesses as compared with big businesses operating on Canadian capital. As for the poor, they are completely forgotten. Indeed, what can be squeezed out of the middle class, even though the point of saturation, has already been reached, will not necessarily be distributed to the poor. It will serve instead to pay the debts incurred with foreign investors who finance our own country.

They seem to forget, as stupid as that may seem, that without money there can be no taxes. The problems of the cost of living, unemployment, economic imbalance, regional disparities, poverty, are directly related to the present monetary system. Instead of attacking the source of the evil to cure it, we blame the dressing. How ridiculous!

In an economy where money circulates freely, where costs are determined as well by market possibilities and competition as by the means of production and consumption, taxation cannot be "reorganized" without risking serious economic disturbances, detrimental to the little people, unless the monetary system is "reorganized" as well.

One can expect the search for greater tax equity, which in itself is an excellent objective, to lead to economic recession, to an increase in unemployment and the cost of living.

We are therefore no further ahead. The rich will continue to grow richer, the poor, poorer, and the middle class will live sparely, unless it collapses under the tax burden. It follows then that the gap will grow ever wider.

All the measure enumerated so far, related to social security in general, to regional disparities and tax reform, are but stop-gap measures which contribute to sinking Canadian consumers deeper into debt. They do not solve the problem; they merely compound it.

Social Credit is a measure designed specifically for the consumers, under the control of the government, through the Bank of Canada.

Social Credit allows our productive society to adjust itself to the needs of the consumers and to meet them, whereas we now produce for the sake of producing.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member, but his time has expired. Is it the pleasure of the House that the hon. member should carry on?

Some hon. Members: Agreed.

Mr. Fortin: Thank you, Mr. Speaker. I also wish to thank my colleagues most sincerely. I shall be through in a couple of minutes.

Social Credit can replace most of the various government programs, in order to fill the gap between the rich and the poor and to restore the balance between producers and consumers.

In other words, the national dividend and the compensated discount can alone replace some of the present welfare measures. The latter aim at increasing indebtedness since they are enforced through the availability of ready money, whereas a national dividend is fresh, debt-free money, guaranteed by production.

Social Credit is therefore a scientific method devised to strike the balance between total production and total consumption, a balance which our economy is now lacking.

Social Credit affects every individual according to standards based on minimum needs. It is not a palliative but an incentive to participation in the economy of the country.

Social Credit becomes in turn a production factor in two ways: first, through the national dividend enabling the consumer to dispose of products and secondly through a compensated discount which provides for an adjustment of the cost of products to the cost of living.

The result therefore is that the poor as well as the rich not only can meet their essential needs but also afford the amenities of life,

according to their income, talent and ambition.

Social Credit is a measure that directly reaches the individual by means of the national dividend and the compensated discount while, with the present various government social security measures, more than half the amounts earmarked for assistance to the individual or the family never reach them, on account of the go-betweens, the mutiplicity of programs and duplication of administrations.

The individual is taxed up to his ears at present and gets only crumbs in return.

It is therefore impossible for older people to make ends meet with a maximum pension of $107. It is also impossible for a blind person to live on a maximum pension of $75 per month. Thus families or widows who have to rely on social welfare cannot make it. The number of poor in Canada is steadily increasing in spite of more and more extensive social security measures.

To be honest, the members owe it to themselves to give thorough consideration to the Créditiste proposals, so as to provide this country with a distribution system of wealth as efficient as our production system.

I should like to remind the House that whatever some members may say, the poverty problem in Canada is due to the present monetary system and policy, because even though we have generalized the implementation of our production methods, we have failed to improve our wealth distribution method in order to really reach the people for whom we are producing. Two million children live in poverty in Canada; 350,000 women and one million children are on welfare. One out of five urban families in Canada has an income of less than $3,000 per year. Finally, more than 160,000 rural families have an income below $3,000 per year.

• (5:20 p.m.)

These statistics appeared in the November 1969 issue of *McLean's Report.*

Before such poverty, we can see that production must be equitably distributed and reach the individual according to a system that respects his freedom and dignity. Therefore, it is my pleasure and my privilege to support the motion of the hon. member for Shefford, and my duty to call upon hon. members on all sides of the house to study it carefully.

If we fail to do so and other hon. members have nothing to suggest, it means that they support the present system and are accessory to the spreading of poverty.

Under that system, we are going around in circles. Thus, the government is proving right those who challenge it and want to overthrow it. We feel that we will not succeed through dissent but through serious and honest discussion. Farmers today are studying their problems and are trying to find solutions which they do not want to impose on anyone. They only invite others to take their difficulties into consideration.

I therefore urge hon. members to study proposals and resolutions in order to attempt to solve the problems with which Canadians are now faced.

It is our duty to guarantee each and every Canadian economic security in freedom while respecting his dignity, which is certainly not the case at the present time.

• (5:30 p.m.)

[*English*]

Mr. Steven Otto (York East): Mr. Speaker, the motion asks that Parliament give serious consideration to the monetary proposals of the Social Credit Party. I intend to do that. I know it is very unpopular in Ottawa to admit any knowledge of Social Credit theories. The lowest civil servant would never admit in front of anyone that he understands Social Credit theory, or that he has ever read it. Of course, Members of Parliament within 50 feet of the House of Commons will deny they know anything about it, but once they get out of the 50-foot radius, where they are nobodies, they will admit they know something about it. None of the ministers would ever consider admitting they understand Social Credit theories, and indeed the Minister of Agriculture (Mr. Olson) will deny he ever understood or now understands them, because it is not fashionable to do so. However, it was not always thus.

I recall the occasion about six years ago, and some hon. members who are present were in the House at that time, when the right hon. member for Prince Albert (Mr. Diefenbaker) was leading the government and a motion of non-confidence was introduced because the government was not introducing debt-free money. It was a Social Credit motion—

Mr. Knowles (Winnipeg North Centre): Moved by the hon. member for Red Deer (Mr. Thompson).

Mr. Otto: I recall that Sailor Jack, now president of the Canadian Transport Commission, who was then one of our great tacticians, together with the now government leader in the Senate and the Solicitor General (Mr. McIlraith) told us, "We have to vote for this." Some of the new members replied, "But Jack, we don't understand it." He then told us, "Don't try and understand it; just vote for it." And we did. How history changes. The Social Credit members who at one time were valued friends are now people we deny knowing. But, Mr. Speaker, I do not deny knowing them, and I think I understand their philosophy.

I wish to point out that the Social Credit Party already has in effect what the motion seeks, especially in paragraph 2 where it calls for:

—distribution of a national dividend to each Canadian citizen in order to ensure, out of the Canadian national product, at least his minimum living expenses;

If the mover would consider our present consumer credit system he would find that except for the fact that it is haphazard and is not orderly, it is what Social Credit has always supported—the use of future credit, or earning capacity, or national resource, and the consumption of it by Canadian citizens.

Mr. Speaker, you will recall that two years ago a joint committee of the Senate and House of Commons was formed to study consumer credit. It was then found that about 75 per cent of Canadian families used consumer credit and 25 per cent did not. The average family whch did use it was in debt approximately $2,800 for automobiles, refrigerators and goods of that nature, not including a mortgage. At 18 per cent, the interest alone was about $504 per year.

The tragic thing about it was that the total disposable income left to buy goods and materials other than rent, food and clothing, was less than $500 a year. Every family that used consumer credit was paying more in interest than it had left in disposable income. That figure has grown tremendously since then. There has been an increase of at least 18 per cent, so that the average Canadian family is now in debt to the tune of about $3,200 and is paying about $700 in interest, which means in fact that any further borrowing hypothecates its earning capacity. So, Mr. Speaker, Social Credit members should conclude that they have already in practice what they preach in theory.

The second tragic thing about it is that nothing can be done about the situation. There is a great deal of talk by the Minister of Finance (Mr. Benson) that consumer credit should be curtailed and that the banks should curtail their issuance of Chargex cards and consumer loans. But the banks are knowledgeable enough to know that if they curtail these loans they will soon close up shop and get us into the greatest depression we have ever known.

When this was brought to the attention of the chairman of the joint committee two years ago he said, "Let us suppose that half the Canadians who are so far in debt decide they are going to pay back what they owe and are not going to borrow any more money. That means they are going to pay back the $500 interest which they now owe, and then try to reduce their interest payments to nothing, which will mean that 50 per cent of the families in Canada will not buy any shoes, clothing, television sets, radios and gadgets of one kind or another." He said to me, "Otto, do you realize what a great depression this would cause"? It would, Mr. Speaker, because no one would produce. There is no sense producing if no one is buying. This is something we will have to consider. I have taken part in this debate only to put to the Social Credit members this concept of a fact which exists. I now wait for them to explain the difference between what they recommend in paragraph 2 of their motion and what we indeed have in practice in Canada today.

• (5:40 p.m.)

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to say a few words about the motion introduced by the hon. member for Shefford (Mr. Rondeau).

This motion is, I believe, consistent with the facts. It concerns the economic realities that every one should know about.

I realize what is happening in the House at this time. Very intelligent people who, unfortunately, do not know anything about economics, or the present system, are unable to define its terms. I regret such a situation. They are supposed to enlighten the people. They don't even know the economic system under which they live. They cannot even outline its operation.

The speech of the hon. member for Bruce (Mr. Whicher) contained gross stupidities and trite commonplaces. There was nothing true

in his remarks. He knows absolutely nothing about economics.

I will not add anything more, I have said enough. If the cap fits, let them wear it.

We live in Canada within a logical system. As far as production is concerned, there is nothing to criticize. Those who have organized it have done a good job. It works well. The problem of production has been solved long ago, but this has created others. We produce for consumption. If we have mass production today, we owe it to technology and the scientific endeavour of preceding generations, and we must be proud of it. Far from denying this, we bless those who have built marvelous automatic equipment which turns out products without the need for manpower.

Therefore we have an economic problem to solve. Products are made automatically and, similarly, people are laid off. People can no longer earn a living because production is automatic. That is what many people, including a number of hon. members, do not understand yet. They never understood how the economy works. We have built schools and universities to teach science to the greatest possible number of students so that the population may benefit. If the science of economics is not placed at the service of the population, we no longer need teachers, members of parliament and manufacturers.

If we want all citizens to work, we will have to put them to work with picks and shovels. We will then have to reject technology which replaces man.

If, faced with these facts, we are unable to recognize them and to deal with the problem, we do not deserve to be here. Members of parliament who do not understand the present system really don't deserve to be in the house. I can't understand how the nation came to elect such representatives.

To be a member of parliament within the present system, in the twentieth century, we must at least be acquainted with a "compass" to guide ourselves by, and with logic. We must also be realistic.

There are many who do not even know their own compass, who are unable to find their way, who tell untruths and come up with fanciful solutions that are no help at all in the present malaise.

I propose in my submission to point to the basic flaw of our financial system. The present economic system is certainly not aimed at attaining the objectives set by the present

[Mr. Latulippe.]

régime, and our friends say nevertheless that they are in a position to solve the problem. Since Confederation, we have seen a lot of smart alecks, of great economists of every stripe bringing forward a great deal of suggestions, but they all led the economy a little further towards an unparalleled economic chaos. Personally, I have no confidence left at all in those great prophets who say that Canadians must produce more, consume less and export a lot while reducing their prices so as to compete with the foreign market.

Mr. Speaker, when our adversaries state that our financial system is sound they show how incompetent they are. I believe that all this foolisness is not over by a long shot. Actually, we are victimized by the foolishness concerning debts and mounting prices, and by the myth of full employment; technology turned it into a myth.

Our leaders have no scruples to get Canada into debts by undertaking commitment after commitment, by taxing the citizens to such a point that many face bankruptcy or repudiation of debts. It seems to me that the present leaders are the only ones who find our economic system logical. Maybe they realize that the system is really out of order. But then, what are they waiting for to change it? Maybe they consider it to be beyond repair and maybe they even enjoy dominating people through the disastrous economic measures that we know.

Unemployment, bankruptcies, plant shutdowns, price increases are as many facts which bear testimony to the weakness of governments in the area of economics.

Why does unemployment rise in Canada, and why do our industries close their doors or pass into the hands of foreigners? Why a price rise with such a steady increase in unemployment?

What is the reason for the unprecedented disaster in the field of agriculture and the wheat surpluses in western Canada?

These are four obvious indications of a serious economic uneasiness which should put us on the alert, bring home to us the weaknesses of our economy, and prompt us to eliminate their causes before the people have to suffer even more.

Let us stop wondering about the soundness of these assertions, because everyone has to suffer those ills, all newspapers mention them every day, all sociologists proclaim that the rich get richer and the poor poorer, and this is true of all countries.

Therefore the gap is widening between the rich and the poor countries, the developed and the developing countries. The gap also exists between individuals in developed countries where affluent people are found alongside the poor who live hand to mouth in the midst of insecurity and privation, getting deeper and deeper into debt which they cannot pay.

This uneasiness is widespread and very real, and, as politicians and human beings, it is our duty to find effective solutions as soon as possible. It is not with the present economic policies that we shall succeed in overcoming the difficulties that are directly or indirectly created by an unbalanced economic system.

I would like to draw this point to the attention of the hon. members, but without however blaming anyone. Since June 25, 1968, the government's positions have, without fail, led to the same results, and instead of improving the situation this only makes it worse. Until now, the government has found solutions to imaginary problems only. A true diagnosis of the problems has not even been made yet.

Some will ask why I criticize and denounce the present system. It is because I am convinced it always leads to deficits and puts the country into greater debt. Rather than finance the production and the distribution of goods that meet the needs of the Canadian population, it fails to serve its end. In fact, the people demand public realizations which are physically feasible but which never come true because the financial system does not finance them.

On the other hand, goods are offered to people who need them but are unable to get them because the present system does not finance consumption.

Our great active economists and politicians get panicky and shout everywhere: produce more, consume less, export more, and they do so after having hampered production by increasing interest rates, by imposing exorbitant taxes of all kinds on gas and transportation means which lead to a record price increase.

Then, manufacturers are asked to reduce their prices and to sell abroad, which is sheer madness. This begins in the financial system and spreads to all economic and political activities. We can no longer tell between the purpose and the means, there is no more scale of values and everything is mixed up.

Thus, the more an industry is productive while requiring less labour, the more perfect it is and the more it contributes to progress. Any industry which reduces its labour force and produces more is denounced. Industry is required to assume an extraneous function and to seek a detrimental and illogical purpose.

Our economy is greatly lacking in that form of income distribution which would be in keeping with the essential needs of the Canadian people. Production is plentiful but the distribution of revenues is not made according to work incomes and invested capital.

It is urgent that somebody should look into the matter because I wonder where we are going. I wonder also what our children will be doing in 1985 if this situation still prevails.

It is recognized that we live in a century of progress such as has never been experienced before. Canada could by itself support nearly half the population of the world thanks to its wealth and production. Consequently, we ought to recognize that half the population of the earth live in dire poverty, getting into debts under the present system.

Last year, the interest paid on the debt was $1,273 million. This year, it is $1,406 million, an increase of $133 million.

In connection with family allowances, a tremendous increase has taken place in respect of money paid to a few financiers: this increase is about $614 million. Family allowances have cost around $1 million more this year on account of the increase in population, but the allowances themselves have remained the same.

Thus, I am bringing to light a great fraud by telling what is really happening in civilized countries.

Canada has certainly more real wealth now than 50, 75 and even 100 years ago. Canada's public debt is greater than ever before. Yet it is the Canadian people themselves who throughout the years have brought the country prosperity. Why keep them in debt when they have worked?

As for schools, bridges, roads, aqueducts and other public works, who has built them? Those who have supplied materials, contractors and manufacturers who can do public works because other workers are producing food, clothing, shoes and are supplying them with services.

This adequately shows that wealth results from the work of the whole population. If we import goods, it is only as a counterpart of

what we provide to foreign countries. Now, what is happening all over? The citizens are taxed to pay for schools, hospitals, roads and public bridges and they are charged collectively the price they have already paid for the goods.

Production, actual wealth becomes for them an interest-bearing debt and, with the years, the charges paid may amount to two, three or four times—

• (5:50 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I want to say just a few brief words on the question of interest rates, and at this time I want to register some local protest from individuals in my constituency who have been having difficulty obtaining loans for the purpose of building business operations and houses. In the last week or so we have seen the tremendous increase in profit which the banks have reported for their last year's operations. We also heard a lot of complaints in this House that interest rates are too damn high, to use the words of the Minister of Finance (Mr. Benson). We have seen that the Canadian government has had to pay up to 8 per cent interest for money it obtained in the market.

I am told on fairly good authority that the long-term interest rate structure has not changed much. The reason interest rates are so high is the inflationary factor. When all other companies are losing money and their profits are going down, the banks are in a position to improve their profits at the expense of all of us.

I wish to comment on the rationing of loans because it seems quite obvious that instead of making advances to people in business, to increase employment, the banks are venturing into the more lucrative field of consumer loans. Instead of making loans to help businesses expand and develop, the banks urge you to get a red convertible loan. Instead of advancing money with which to build a house, they urge you to take a vacation in some sunny climate. The point I am trying to make is that while the banks have an obligation to return a profit to their shareholders, they also have a social obligation to regulate the flow of credit into those areas which society as a whole deems to be the most useful.

At the present time, when we are talking about a housing shortage, the banks have not been making money available to help the situation; instead, they have been urging us to spend money on more frivolous things. In areas like my own there is a situation wherein the loans made for business expansion and for homes are not as large as those that can be obtained in other areas, yet people in these areas still have to live and work. The banks and the trust companies should be obliged to put a certain amount of their finances into these areas as a social lubricant.

As a result of the profits the banks have shown, they could very well entertain a redistribution of their loan pattern in this way. I am particularly upset about reports that capable businesses with guaranteed contracts cannot get working capital from the banks in order to finance these operations. I am also concerned about reports that when people try to obtain money for housing, the banks will not make it available to them because they prefer to make red convertible and travel loans, where the profits are greater.

I think it is the duty of the government to set the priorities for society; in other words, it should decide that we are going to build so many housing units and then make the regulations necessary to direct the flow of available credit into these areas. As in all other matters, decisions will have to be made. Some people will have to do without things. Nevertheless, we are not operating with boundless resources; there are restrictions. The government must reconsider the policy established when it removed the 6 per cent ceiling on the interest rate. I thought this would result in a more equitable distribution of funds, but that has not been the experience so far.

The government will have to decide in its wisdom what the priorities are for society. If necessary, it will have to coerce the banks and other financial institutions into providing the means whereby these goals can be achieved. I am thinking of expansion money for businesses, particularly for small businesses, and for housing units. These things should come before red convertible and travel loans.

• (8:10 p.m.)

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I listened very attentively to those who took part in this debate.

Most members of the Ralliement créditiste supported the motion, but a few of them decided to criticize it and I was amused to notice that not one of them could bring any proof that the present system answers our needs. Therefore, I am happy to support the motion which is the subject of the present debate. Any serious observer will admit that the present financial system does not give all and sundry a sufficient share in our natural and industrial wealth. Consequently, it is for the rulers who are responsible for the common good to apply the necessary corrective measures. Indeed, the systems are intended for men not men for the systems.

We notice that today the capacity of production is practically without limit, both from the point of view of quantity and variety. The main cause of our worries is due to the difficulties of the distribution system. Since nowadays the most flexible method we can use for commercial exchanges is money, providing that one has enough of it, it is necessary to find out the causes of the lack of money if we sincerely intend to solve the problem of poverty.

It is useless to multiply the studies and the seminars on poverty. We must shut our eyes not to note that an important percentage of our population lives in misery and lacks the necessities, especially money which is necessary to buy the products that are stocked everywhere in the shops.

So the real war on poverty must be fought against the system that controls money, and this is clear enough. Since when can a war be won by launching the attack off target? In the 1914-18 period, as well as in the 1939-45 period, the Allies' aim was to win the war. That is why they took the necessary measures to that effect. They needed money. They ordered the money system to provide the necessary amounts and were successful. Then they organized the army and had the necessary equipment made. Had they merely considered the situation and convened conferences, they would certainly have lost the war.

The war on poverty will not be won with investigations and conferences because the poor remain poor that way. We must therefore find other ways.

The amendments to the Canadian banking system must provide for enough flexibility in ways and means of implementation so that the necessary money is available at the right time in order to reduce or else eliminate poverty in Canada.

If you tax the income of those who already do not have enough, you will not solve the poverty problem but you will make it worse. One does not have to be an economist to understand that.

With regard to poverty in Canada, the Ralliement créditiste is not the only one to talk about it. On November 10, 1964, the newspaper *Le Droit* published an article entitled "The plague of poverty" in which one could read and I quote:

Robert Louis Stevenson once wrote:

> The worst deficiency in our civilization and the best proof of its failure is a man who is able and willing to work but who cannot find work.

During the recent convention of the Labour Federation in Ontario, *Le Droit*, in agreement with that organization, was alarmed at the way the cancer of poverty was spreading. We should deal again with the subject, following the report just published by that association, a document which paints in the most minute details the dark picture of human misery in Canada.

The economic depression which lasted from 1929 to 1939 showed the irresponsibility of the governments of the time whose representatives had nothing else to say to those who sought to live decently but: there is no money.

The leaders of today's so-called just society seek complex solutions in retraining or in possible errors in statistical percentages to answer those who are concerned about the present unemployment situation.

Yesterday as today, financiers hold the controls and the majority government is controlled and conditioned by the masters of money and credit. Even with a prime minister whose popularity the newspapers try to keep alive through loud advertising, a great percentage of unemployed Canadians are obliged to do without the essentials.

We all agree on the tremendous responsibility thrust on our leaders today. The aim is to preserve freedom and to provide security while bringing about reforms wherever they are needed and according to the light perspective. Together with all the citizens, they have to carry out projects in order to provide every Canadian anxious to lead a decent life

with a healthy and productive job. They can no longer be satisfied—with studies and reviews: they will have to prove they can do better.

Declaring war on poverty, submitting reports and statistics about the poor will not solve the problem. The poor will realize that we really understand their problems the day we set up vast public works projects.

I realize that development projects would entail expense, but they are not impossible to carry out, unless our leaders want to remain enslaved to the small group of people who control our economy.

It is not the bankers who are responsible to the people, but rather the government which has the sovereign right to create money and credit.

Let us stop fooling around, and use our brains. The weak remedies applied so far have proved inadequate. Let us resort to extreme measures. Desperate ills call for desperate remedies. The government must show it is sincere by replacing the old system with a new one, by making financially possible what is physically feasible and good for the Canadian people whether poor or rich. This is what our politicians, in spite of their powers, have never been willing to do.

• (8:20 p.m.)

Hypocrisy must cease. People expect measures of this kind and not to have to tighten their belts. There is no need for that in Canada. Let the majority government use the power it received from the voters in the last election to take truly effective measures to fight poverty and to create a truly just society, while letting the big money lenders attend to their business and resorting to the sovereignty of the State to discharge its function.

This is the only solution to our present economic difficulties. We are no longer naive enough to believe that tightening our belts as a result of taxes will settle the situation. We agree that overhauling a faulty system will not be easy, but since there is no choice, we must act as soon as possible, if we honestly intend to prevent a revolution.

Along with the commissions concerned with the civil service, education, public service and unemployment insurance, why not establish a monetary commission made up of financial experts devoted to the poor which, with the help of technology, would balance the goods with the needs, provide the necessaries of life, and devise credit patterns in all conscience, foresight and honesty? Since the country is responsible for money, should it not derive benefits from it and regulate its circulation?

The Bank of Canada should issue sufficient credits for the necessary public works. Let the country use its own commodities first before applying on foreign markets. A national currency, measured more accurately, should make production and consumption credit easier. Afterwards, we could import what we still need. We shall not have to pay for our surplus production or for this gold of little nutritive value that God has hidden under our mountains of rock.

Even at that, we cannot fear that our economy will not ensure us a decent living. What exists, we have made, and we produce enough to ensure a living to those who do not produce anything.

Reverend Father Alexandre Dugré, a Jesuit, in a scathing article published in the *Messager canadien du Sacré-Cœur,* in May 1943, called the attention of political leaders to the economic situation of that time, which is still prevailing.

We ensure a living to workers and unemployed, and we deprive ourselves of the potential production of those who are unable to work. Some economists, who seem to know all the answers, remind us of heretics who claim to have a perfect philosophy. That does not prevent us from realizing that quite often, it is perfectly false.

If they were right, Pope Pius XI would have been wrong to stigmatize with a violence unusual in encyclical letters the frightening strike of those who ration money and take unfair advantage of men to the benefit of dark interests. This is, indeed, what the Pope said:

> In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.

A terrible charge without any limitation in time, space and countries. Very harsh words that the rich and mighty would like to suppress, that the true leaders of the people did not want perhaps to understand.

Napoleon said: "I plead in favour of the poor; the rich will always have good dinners as an excuse."

The Pope advocates the same thing. Let us listen to him. May poor people never be forced to appeal to revolutionaries to obtain

justice! Let us hope our leaders will wake up before it is too late.

To ensure a better adjustment of goods to human needs, it is obvious that the mechanism for the distribution of existing goods should be reformed. That is why we should no longer dally with outdated methods that produced the well-known results: inflation, deflation, ever increasing taxes, an increasing national debt that is unpaid and unpayable under the present system.

Why keep on looking for solutions not to be found in a topsy-turvy system?

Thousands of examples of all types of destitution logically lead us to conclude that the main cause of economic and social disorders in our times lies in the faulty distribution of wealth. Each thing must be put in its place and be given its real value.

In the first place, we must recognize that human beings—men, women and children—need wholesome food, decent clothes, adequate care and proper homes in order to live. Our Maker, in His wisdom, has provided that the earth would give to mankind the necessary means of living and we have the undeniable evidence that the creative genius of man inspired by numerous natural factors has succeeded in improving the mechanism of production to a very high degree.

At times, our learned theoreticians and those who believe they are have tried to explain that we were facing an overproduction crisis. Let us remember especially the years 1929 to 1939! The facts have clearly shown that it was rather a crisis of underconsumption. One will recall that the politicians at that time had not found anything better than to destroy production before the starving people.

Rather than establishing a mechanism for the adjustment of prices and the payment of a compensating discount to producers, thus enabling consumers to use an abundance of goods, it was thought advisable to destroy them, in order to support prices represented by figures.

The same system is still being applied in 1969. The people are not being fed with the abundant production that our farmers obtain with the help of nature; Canadians are not building houses with the wood, the stone, the concrete or all the other existing materials. The people are not wearing the clothes made in our factories or in foreign countries displayed in store windows or piled on their shelves. The same applies to medical care, transportation and comfort under the most varied forms imaginable. Under the present system, the citizens buy the food, the clothing and the medical care that they can afford. That is the system that the Créditistes call a topsy-turvy system.

It is not a question of disrupting everything or of setting up a printing shop, as certain simple-minded persons claim. We already have some institutions. It is a question of adjusting values and of book-keeping, through which the financial machinery could be made to reflect the actual wealth, while taking into account the dignity of the human being and the value of the goods that can be produced in large enough quantities to feed, to house and to clothe the people.

It is truly surprising to find that the numerous researchers of various kinds, especially in the economic field, have not succeeded in developing the machinery required for the distribution of our abundant production so as to satisfy promptly the many needs that now exist.

There is certainly no lack of means of transportation. Now they are even taking trips to the moon, spending billions of dollars to find out what is going on on another planet, while on earth thousands of human beings suffer from hunger, are deprived of housing, clothes and care.

It is high time politicians in responsible positions found a solution other than the programs proposed up to now and which have only contributed to favour the rich at the expense of the poor.

We do not claim that the Social Credit we are advocating will be a cure-all, but one can logically predict that it will eliminate a great deal of our present worries.

During the centennial year, we have paid tribute to our founders and our pioneers, to their bravery and their wonderful achievements. We have stressed our scientific and technical success, the products of our forests, of our farms, of our fisheries, of our plants, of our mines, of our industry and of our trade and commerce. Every visitor had the opportunity to realize that we have modern means of communication.

We realize that our forbears did not lose their time and that the members of the present generation assert themselves by their varied knowledge in many areas.

Mr. Speaker: Order. I regret to interrupt the hon. member, but his time is up.

Some hon. Members: Go on.

Mr. Dionne: I only need two minutes more.

Mr. Speaker: The hon. member may proceed with his remarks if the House unanimously agrees.

Some hon. Members: Agreed.

Mr. Dionne: I thank my hon. colleagues very sincerely and I promise I will not go over the time limit.

We realize that our forbears have not lost their time, as I was saying, and that the present generation is asserting itself by its diverse knowledge in many fields. However, there is a fly in the ointment: after having reached peaks in the area of production and communication means, we fail to establish methods for exchanging the available wealth.

Instead of using logic and natural order as a basis for our economic system, we cling to a system of scarce distribution methods for the innumerable goods available so that thousands of people must live in slums while we have great quantities of materials for building decent houses. Thousands of citizens must depend on social welfare to keep starvation away in a country which highly publicizes an enormous variety of products.

It is not necessary to be a university graduate to admit that man needs food, clothing, housing, love, in short, needs to live as a social being. This has not been intended by financiers nor politicians. It will also be recognized that the Creator in its wisdom has made all things to meet all needs and here, in Canada, all these goods are in abundance. Our Minister of Trade and Commerce travels to many countries to offer our production surpluses.

Our difficulties are not derived from our inability to produce and to build but rather from insolvency. We have the physical ability but we are financially unable to act. Our production system works well but not our financial system.

In conclusion, I shall quote from an editorial published in L'*Action catholique* on August 17, 1939, and entitled "A mystery to clear up, where does the money come from" by the late Louis-Phillipe Roy:

> The State gives the right to make money and pays to obtain some of it. Let us not forget that our governments are as poor as the individual. Municipal, provincial and federal authorities have only the money that we pay in taxes, etc., the money they borrow from banks. Yes, the public powers that authorize banks to make money must go to them and pay high interests for the credit required to manage the country and feed the unemployed.
>
> Are money and credit therefore one and the same thing? Are banks their masters? What principles do they follow in making money, in issuing money, in distributing credit? What do they demand in return and why? No text-book answers those questions. Yet, the problem seems crucial at this time. Why that mystery around the origin of money? Is it not high time to dispel this mystery?"

This topic always timely and deserves much more time with a view to devising a mechanism that would make financially possible what is morally right and physically achievable.

If we really want to build a better future, we must do some research in that direction.

• (8:30 p.m.)

[*English*]

Mr. Max Saltsman (Waterloo): Mr. Speaker, years ago when I first came to this House I had heard about the Creditistes and their monetary theories. Most of what I had heard was mentioned in snickers, as was the case this afternoon with hon. members of the government party and those of the "official" opposition. I have been quite impressed with the Creditistes in this House because I think they are one of the few groups in this chamber whose members speak with genuine anger and concern for the people. Often in debates in the past I have disagreed with them, particularly in respect of social policies and Criminal Code changes. We were far apart then and I am sure we will continue to be that way on many issues. I do not laugh at the members of that party because, like them, I sense that this country has been badly mismanaged, that money has not been used for the people but that the people have been used by those who make money.

Years ago, in the early days of our party, we had a saying about people coming before profits. Essentially, my friends on this side are saying the same thing after looking around and seeing what is going on in our country. We must conclude that the government of today and those of the past should not take credit for whatever merit there is in our present society. Governments have squandered our resources beyond belief. They have created idleness that is unjustifiable. Were it not for the inherent wealth and resilience of this nation we would have been destroyed a long time ago by this kind of policy. Like the very rich, we have been able to squander our resources knowing we have a storehouse of resources. It may not be possible to do this forever.

It is for these reasons I welcome the opportunity today of making some suggestions of change in our financial system. I can understand how my friends who moved this motion feel. They look around and see a system that has failed to solve the problems of production. They see people on the one hand who need services and houses and who want work, while on the other they see a government that creates unemployment and wastes resources. If we look back at history we will recall two wars in which this country participated. When the country needed resources, we virtually created them and financed our war effort from our resources. We managed to finance those things with which to kill other people. Today, when the sons of Quebec need jobs, the government cannot find the necessary money. The government had money with which to call on people from Quebec to go to war, but it cannot find money to kill the unemployment that exists in that province.

A change is taking place in the province of Quebec; people are moving from the farms to the cities; young men are being trained for jobs that do not exist. It is the policy of this government that unemployment shall continue. Those of us who are concerned about the survival of this nation must wonder about the kind of policies that create this situation. Those who create unemployment and poverty are the true separatists of the nation. It is small wonder that hon. members to my left scoff at the orthodox economics of the traditional parties, particularly when they see how those orthodox policies have failed to solve the basic problems of matching the needs of the people with the productive resources of our society. These members look around and see that our system has failed to solve the problems of distribution. They cannot understand how the rich and the poor live side by side in a nation that is capable of tremendous expansion but is held back and prevented from expanding.

Our governments have not been able to solve the problems of inflation. Our governments do not have the courage to step in and recognize that our system has broken down and that we require a new system to prevent rising costs. They seem to depend on the kind of fiscal and monetary policies which create these things. Recently there came to my attention a brief which was written in response to the white paper of the Minister of Finance (Mr. Benson). This brief deplored the white paper, asked what would be gained by redistributing income in this country and stated that everyone would receive $8,000 a year. Terrible: we would only receive $8,000 a year! I assure you, Mr. Speaker, that millions of Canadians would think that was a very grand sum to receive and might very well favour that kind of distribution. However, in the circumstances, that is not the answer. You cannot distribute money continuously; you must create and increase the productive resources and the potential of the society. In order to do that you must find a way to provide opportunity for growth and for employment and then share the resources within the system.

• (8:40 p.m.)

I should like to remind my hon. friends of the Official Opposition that it is sometimes forgotten that Social Credit had some antecedents in this country. From my reading of history it would seem that from 1878 the Conservative Party was supported by a small group called the National Currency School which was really the forerunner of the Social Credit movement. There are some who say that the national policy of Sir John A. Macdonald in some ways was Social Credit policy, because John A. Macdonald was trying to use the resources of this country to improve the conditions of its people.

I shall come to the theory of my hon. friends, but I wish to point out it is not a theory to be scoffed at and is not one to be taken lightly. The people who cry out against the system do so with a genuine concern about the financial doctrines that have not served the needs and interests of Canadians. More so, one reason for some of these early approaches to soft money, if you want to call the Social Credit theory that, was concern about our future as a nation. This is perhaps one of the matters my hon. friends do not understand, that is, the implementation of some of the theories they have would serve the purpose of erecting tariff walls in this country and of insulating us from other nations. I have looked at this theory and I cannot say I understand it too well. I have tried to understand it. Perhaps some day I will.

One reason I do not understand it is that while there is a large measure of truth in the theory, while their motives are understandable and while their rebellion against the system is understandable, there are too many inconsistencies in the theory. I have often wondered whether the advocates of Social Credit theory really understand it as fully as they might. I wonder whether they understand that, as in any other system, there are

prices which must be paid when one advocates certain ideas. Sometimes I do not find this understanding evident in the approach taken by hon. members of the Social Credit Party. For instance, they talk about the Bank of Canada issuing money for the long-term financing of municipalities, provinces and public works. The Bank of Canada could do it. In effect we do it today through deficit financing and by changing the reserve requirements of banks. So let us not kid ourselves; we do create money.

We also introduce legislation such as that which will soon be coming before us in respect of the trust companies. We will be asked to advance their lending power 15 to 20 times what they are now in order to enable them, with the same capital, to lend 25 per cent more. These things can be done. We could argue about the technique and the means, but I think the principle must be accepted. I suggest, however, there is a price to be paid for doing this. One price will be paid by those who save money in this country, because they will have to accept a lower rate of return. This is my analysis of one of the implications of Social Credit theories. They may object and say that I do not understand their theories adequately. In any event, I have looked at the system and have examined the effects of its implementation.

Social Crediters say that they stand for the little businessman. They say they are dedicated to free enterprise, the small saver, the small businessman and the entrepreneur farmer. Yet, these theories would have a backlash on these people because somebody would have to pay; they would either have to pay higher rates of interest or receive a lesser return on their savings. As the hon. member for Kenora-Rainy River (Mr. Reid) said earlier, we will have to make allocations in our system and some people will have to pay. That is true. If we want to redistribute income and create money to create income, we can do it but a price must be paid.

There is another price we may have to pay and about which we should be very careful. We may have to insulate our economy from the economies of the rest of the world because as things now stand we are virtually tied in with international financing. We are not free to set our own interest rates or even decide what rate of return we will give to the investors or depositors in this country because of the implications of international financing.

We do not have freedom in this country to establish our own priorities and make our own value judgments, because we must follow what goes on in the rest of the world. When we attempt to deviate from this system, the speculators of the world move in very quickly for the kill. I could say many things to our hon. friends to the left on this subject. However, I wish to know whether they are prepared to have our economy insulated in this way from the rest of the world, because this is what would happen.

I say these things very seriously. I say there are things we can do in our system but there are also prices to pay. I believe my friends to the left should consider this fact and state whether they are prepared to pay the price of insulation. In some ways this might be very good for us. As I said earlier, this was one of the purposes of the Conservative government before the turn of the century which suggested it wanted to deliberately insulate us from the rest of the world.

That government believed our currency would decline in relation to other currencies and that more employment would be created in Canada; it would also have the effect of erecting a tariff wall, but would create a burgeoning industrial economy in this new land. At least those who advocated this policy in those days realized the consequences of their actions. Today we have high interest rates. It is becoming very obvious that we have these high interest rates because of government policy. I have come to the conclusion that, perhaps more important than changing our theories about finance, we should change our government and have one that is determined to do something about the kind of situation that exists in this country.

• (8:50 p.m.)

When we create the kind of situation we have today, with high interest rates and high unemployment, it is not the fault of the system. To some extent that is the way the system moves if nobody moves a finger to correct it, but those faults and problems can be laid directly at the door of government policy. There is a great deal of difference between interest rates in Germany and those in Canada. We discovered this in the committee that studied interest rates. There is a great deal of difference in the spread between what banks pay for money and charge for money in Germany and in Canada. The spread in Germany is very much lower than that in Canada. I am sorry I cannot quote the exact figures, but those who attended the committee hearings will bear me out.

Part of the reason is that inflation in Germany has been less than that in Canada. But there is another significant reason. The policy of the German government has been to keep interest rates down, and the policy of our government has been to keep interest rates up. The chief beneficiaries of high interest rates in Canada have been the banks, and this is because the government wanted it that way. The high profits of the banks are the direct result of government policy. The government wants the banks to make more money, and it wants high interest rates because that is how it is trying to control inflation. It is a shameful course. There is a bankruptcy of ideas on the part of the government when this is the only method to which it resorts.

Again I would like to point out to my hon. friends, who seldom miss an occasion to criticize us for our social democratic policies, that though they seem to be so adamantly opposed to socialism one of the remarkable things about their theory is that it is largely Marxist. Major Douglas owed much of what he wrote to the Marxist theory of values, and what he did not owe to Marx he took from Henry George in the United States, who first talked about taxing property. In the early days they could not tax property in Canada because there simply was not enough property around, and my hon. friends should understand this. They should understand that social democrats are not really very different from themselves in terms of wanting to change society. This may be one of the reasons that we sometimes feel quite warmly about our friends to the left, despite the dreadful things they do in some debates. We feel they have a genuine concern about people and that theirs is a sort of grass roots protest.

They look at the world and ask what gives. They say that here we have people who need things and there we have people who want to produce things; why cannot we match them up? They conclude that there is something wrong with the financial system and say that it should in an adequate and intelligent way be changed to meet the needs of people. There can be no quarrel with that. It is not a cause for laughter by the financial dinosaurs of the two old parties who have not had an original idea since Adam Smith.

Unemployment should not be a natural condition of our society. Unemployment should be an unknown word in our society. The natural condition should be full employment and a scarcity of resources, where we get to the stage when there will not be enough people to do the job and they will not have enough resources to do the job. When a country like Canada creates unemployment and does everything it can to dissipate its resources, it is flying in the face of what the Canadian society really wants. It is deliberately obstructing the desire of our economic system and of our people to move ahead. We will have to deal with Social Credit theories for a long time to come—

Mr. Speaker: Order. Hon. members will be sorry to learn that the hon. member's time has expired, unless he may continue with the unanimous consent of the House. Is there unanimous agreement?

Some hon. Members: No.

Some hon. Members: Agreed.

Mr. Speaker: There does not appear to be unanimous agreement.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, first of all I should like to thank the member for Waterloo (Mr. Saltsman) for having said quite frankly that he has confidence in the Social Credit theory. In fact, he recognizes having studied the monetary question although he claims there are certain points he does not know. This is not surprising, in view of the fact that to understand well the Créditiste theory one must first understand the present system.

That is precisely what is not understood and we have an excellent proof of it since yesterday morning when all the provincial premiers, and the Prime Minister of Canada met two or three blocks away from here, to discuss how public funds should be spent. They do not agree, for the provinces would like to have more spending powers. The federal government, on the other hand, feels that they have enough powers as it is, and that it should keep what spending powers it already has, and even increase them.

Spending is not to be scaled according to the production capacity but rather to the taxing powers.

• (9:00 p.m.)

Taxing powers are very limited indeed whereas production powers are practically unlimited. In fact, our Canadian citizens can buy according to their income. When they have spent all their money, they simply go to a finance company and borrow in order to buy more. After they have borrowed from

finance companies for periods of three, four or five years, after they have mortgaged their salary for five years to come, aftey they have spent that borrowed money to buy goods, the shelves in the stores are as full as ever. Production is almost unlimited whereas spending power is very restricted. The motion introduced by my colleague for Shefford (Mr. Rondeau) is therefore quite clear. Some may still laugh at it now and this may go on for a few more years still, but it will not last forever. In the end, they will understand it is time to bring about a thorough monetary reform instead of exchanging small nickels for big ones.

The motion reads as follows:

1. financing of public funds by credit advances at a nominal cost by the Bank of Canada to be repaid at the rate of depreciation of the works achieved;

2. distribution of a national dividend to each Canadian citizen in order to ensure, out of the Canadian national product, at least his minimum living expenses.

In 1962, whether on television or at public meetings I urged the government, to try an experiment and to distribute $100 to every Canadian citizen. A family of five would have received $500, a family of ten $1,000 in buying power, through a dividend granted every month to start. This would have meant new credit of about $2 billion to the Canadian people. After three, four or five months, we could have seen the results. Dealers would have sold their products and applied for more to the manufacturers. New industries and new employment would have been created. The government said: It is sheer nonsense.

To-day, all Canadian governments, federal and provincial, are gathered in Ottawa to discuss what? Financial matters. One province is not satisfied, neither is the other. The federal government is not satisfied, yet they all have the power to reform the financial system.

The present system is unknown. It is not understood because it was hidden to the people who believe, for instance, when they stroll on Rideau Street in Ottawa, in front of banks or anywhere else, that by opening a savings account in which they would deposit money and get in return a 7½ or 7¾ per cent interest, that this would give them security from then on.

Who are the members who know—the hon. member for Chambly (Mr. Pilon) does, as he was bank manager once—that the moment I go in a bank to open a $1,000 savings account,

[Mr. Caouette.]

yielding a 7½ per cent interest, such an account yields at the end of the year $75? This is what the 7½ per cent interest amounts to.

But who knows that when I open a saving account in the branch of a chartered bank, the latter, according to the federal legislation, has the right to lend 14 times more than my saving account and has the right to lend $14,000 at an interest of 9, 9½ and 10 per cent. Let us say for example a 10 per cent interest. The bank will cash $1,400 profits in interest on my $1,000 saving account which I opened. This is a shameful exploitation of the Canadian people, of the individual and of the governments in our country.

Mr. Speaker, a while ago, my good friend from Waterloo (Mr. Saltsman) said that the Créditistes are not always kind towards the New Democrats.

I had recently the opportunity to visit western Canada with my friend, my colleague from Shefford. We went to Alberta, to Saskatchewan and to Manitoba. Now, at that time, the New Democratic Party was holding its national congress in Winnipeg. People from Toronto, Montreal, Vancouver, in short, from everywhere had met there. One evening, when we had a bit of free time, we listened to the news on television, at 11 o'clock. The leader of the New Democratic Party as well as the parliamentary leader, the member for York-South (Mr. Lewis) addressed themselves to the representatives and roundly denounced—quite rightly too—the American influence on the Canadian economy. The member for York South, shaking his fists, declared: These Americans must not take advantage of our national resources. The whole audience cheered. Everybody was convinced that these ugly Americans have too much power over us and that they should go home, while we should use our own means in Canada to develop our natural resources.

The next evening, everyone knows that the New Democratic Party forms the new government in Manitoba under the leadership of a premier who used to be a member in this house—the provincial premier agreed with the national leader and the parliamentary leader to say that the Americans were ambitious and that they controlled 85 per cent of our national economy.

However, on the next evening, to my utmost surprise and amazement—I could not get over it—I heard the Minister of Finance of the new NDP government in Manitoba state on television that he was coming back from a trip to the United States where they

had rolled out the red carpet to welcome him—in San Francisco, Chicago, New York, where he had borrowed $15 million at 8.89 per cent interest for a project of Manitoba Hydro. He was quite happy to have gone to United States to get his province into debt.

Mr. Speaker, it is unconceivable that a so-called responsible government mainly in view of the attacks against American financiers, should go and beg the United States asking for the permission to develop a power project in Manitoba, right in the middle of a political convention.

Mr. Speaker, this does not happen only in Manitoba. The same thing happened in the province of Quebec.

The premier of Quebec—who is now in Ottawa—but when he is not in Ottawa he is on his knees in New York borrowing for Hydro Quebec.

Some hon. Members: Hear, hear.

• (9:10 p.m.)

Mr. Caouette: All this to say that we are slaves to a financial system and that only Créditistes have the courage to denounce it.

Someone said earlier that Sir John A. Macdonald probably favoured the creditiste philosophy. Here is an unavowed creditiste, a former American president during the war of secession, Abraham Lincoln, who said, and I quote:

I have two powerful enemies: the Confederate Army in front of me and the financial institutions behind me. The most fearsome is the one behind.

He did not fear the southern army which stood before him, no, but he did fear the financier who, behind him, controlled the economic blood of the nation and the army.

He went on to say:

The government should create, issue and put out all the required currency consistent with the spending powers of the government and the purchasing power of consumers.

What is being discussed two blocks from here at the moment? The spending power controlled by financiers, and not by the people who build Canada and ensure the Canadian production. The efforts of a whole people are paralysed to the benefit of a damned finance which controls our economic life.

President Lincoln also said, and I quote:

The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is also its greatest opportunity to create something. Citizens can and will be provided with currency as strong as their own country.

Lincoln said that. When I hear Liberals panicking, saying on television that the Créditistes will issue currency without limits, without consideration and that money will lose its value, I would like to ask them: "Has not money lost enough of its value since we have been having monkey governments here in parliament?"

They are the ones who created inflation, the ones who maintain a cut-throat, stifling financial system, forcing us to reimburse three or four times the amounts borrowed.

Those are precisely the foundations of the Crédititiste theory Lincoln was describing.

And I quote further:

Money will no longer master the people, but will serve them. Democracy will prevail over the power of money.

President Lincoln held that money should serve the individuals. And what are we saying, here, in this House? Exactly the same thing.

Instead of passing legislation aimed at subduing men, women and children, instead of telling the provinces the municipalities, the school boards not to spend and to tighten their belts, instead of telling the financiers: You may loosen your belts by increasing interest rates, the government should consider the solutions put forward by the Créditistes, for it is impossible for such a policy to last indefinitely.

As far as the Créditistes are concerned, in a given period of time, the total incomes of Canadians cannot buy the total production for the same period.

Mr. Speaker, the economists are of the opinion that, eventually income will buy up the products and that thus a balance will have been achieved. Yes, eventually, if income continued to flow in, while production remained at a standstill. It is obvious that if we went on receiving income we would finally mop up the whole production.

But such is not the case. Production keeps on growing year after year, at such a rate of growth that, as I said earlier, after we have spent all our national income, after we have borrowed from financing companies for three or even for ten years we see that the stores are bursting at the seams. We do not make enough money to buy the whole production even after we have borrowed on the salaries that we will be payed over the two or three next years.

Monetary Proposals of Social Credit Party

Economists say: incomes will eventually be used to buy goods. It is as if I said to honourable members: everyone is born some day, and, of course, is bound to die some day. Since we all are born and that we will eventually die, this proves clearly that the total of deaths is equal to the total of births, and that, therefore, nowhere in the world is there any population increase. Everybody would burst out laughing at this, because it would sound stupid: However, it is true that we shall all die one day, and that total deaths will eventually equal total births.

Time must therefore be taken into account, since people die at all ages, and consequently a time factor is involved, but it is in the course of that time that population increases, and to such an extent that one wonders why governments do not establish a system of birth control. Why such stubbornness about birth control, if the total number of deaths must one day be equivalent to that of births? Why birth control? Is it because there would also be a death control?

Mr. Speaker, it is a stupid system and when the Ralliement créditiste demand the distribution of a national dividend to each citizen in order to ensure him a vital minimum, it is logical. Let us logically, sincerely and frankly make a try and note the results. If they are not satisfactory, we should stop immediately, but if they are good, let us carry on!

We are also asking that the price set for the Canadian production and the purchasing power in the hands of consumers be balanced, through a compensated discount granted to consumers.

Mr. Speaker, for years we have been suggesting creditiste solutions, but instead of considering them, the government would rather draft white papers, establish inquiry commissions to find out if there are poor people and all sorts of things—

The Acting Speaker (Mr. Béchard): Order. I am sorry to interrupt the hon. member, but his time has expired and he cannot continue without the unanimous consent of the House.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Béchard): Agreed.

Mr. Caouette: Mr. Speaker, I appreciate this opportunity to complete my remarks which will be brief, since I am almost through.

Before resuming my seat, however, I wish to say that, in my opinion, the time has come when those who have responsibilities such as members of Parliament, municipal aldermen and mayors should look at Social Credit more closely and more seriously than ever before.

We have kept asking that the public sector of our economy be financed by the Bank of Canada.

The member for Waterloo (Mr. Saltsman) was perfectly right in saying earlier that nothing prevents us from using the Bank of Canada. I did not say that myself, but Mr. Graham Towers when he was the governor of the Bank of Canada. He said in 1939 that parliament was empowered to require that the Bank of Canada create the necessary credits so as to make financially possible what is physically feasible and desirable.

I heard the member for Waterloo say a while ago that we would likely have to become isolated under the Social Credit monetary system.

• (9:20 p.m.)

Mr. Speaker, our dollars are not in circulation elsewhere than in Canada, they do not even circulate in the United States. When I was in Russia, I did not see one single Canadian dollar and neither did I in Czechoslovakia, in India, in Tokyo, in Hong Kong and in Formosa. But they are circulating here, in Canada, I must admit. And what the foreigners want to know is how many Canadian goods they can get for a Canadian dollar.

Let us go to the United States and put a quarter into a cigarette vending machine for instance, and it will be rejected. With a Canadian quarter, you cannot even buy a pack of cigarettes in the U.S.

Then, our dollar has its full value only at home. What the foreigner wants to know is what he can buy in our country with a Canadian dollar. If we produce more, our dollar will have a greater value and our foreign trade will be more flourishing than it has ever been, because people who will be buying goods in our country will get more for their Canadian dollars.

Mr. Speaker, that is why we are asking that the Bank of Canada, which is our own financial institution, be used to finance the whole public sector of our economy, whether it is municipalities, school boards, or provinces, especially these poor provinces! We can see their representatives now, in the old Ottawa Station, pleading hat in hand with the Prime Minister to give them a little money, because they cannot keep things going any

longer. The provinces claim that Ottawa is responsible for centralization while Ottawa denies it. Others say that the provinces are not decentralizing but that the financial system is controlling all the administrative hierarchy of Canada and is responsible for all that happens. And even if the right honourable prime minister or Crown ministers find our solutions over-simple, let them make other suggestions, let the Progressive Conservatives make a better one and we shall support them if such a solution is really better, and goes to the very root of the political, economic and social uneasiness now existing in Canada.

Mr. Speaker, these are the few remarks I wanted to make on the motion brought in by my honourable colleague of Shefford. All the proposals of the Social Credit are included and I think that we are really aiming at a better future for all Canadians and if we really want to get rid of that financial dictatorship which could now help us but which on the contrary, is crushing us, the government has to make a stand and stop saying: we have only the money that we collect through taxation. It should take proper measures to make use of the Bank of Canada, our financial institution, and provide Canada with an economic system guaranteeing to every one security and personal freedom.

Mr. Speaker, we are not free under our present system and every one knows it. We want to help the poor. All members are prepared to do so. Except that nobody is willing to propose solutions likely to eliminate once and for all poverty in such a rich country as Canada.

We get white papers such as the one, for instance, which purports to tax the average income so as to help the lower income groups. And according to the Carter report the higher income group would be tax exempt, those, for instance, who earn half a million dollars or more would only pay 50 per cent in taxes instead of 80 per cent, while the lower or the average income groups, lets us say, those who earn between $15,000 and $30,000, would bear all the cost of helping the poor. Those who earn $2,800 or less would save nothing and those who earn over $2,800 would save $30, $40, $50 per year, or $4 or $5 per month. Of what use would that be to them?

This reminds me of a remark made by a farmer. Quite often, farmers are more intelligent than many lawyers.

This farmer who sold Christmas trees said "I own a stand of conifers and I operate like the federal government. I cut all the small fir-trees to make Christmas trees. When all the small fir-trees are cut, then I cut the tops of the big ones to make small Christmas trees out of them."

This is exactly the way the government operates at the present time. It cuts the small ones then he will cut the tops of the big ones when necessary. In the meantime, it is the average taxpayer who will foot the bill. He is the one who will be discouraged with fiscal and monetary policies not geared to the needs of the Canadian people.

Mr. Speaker, the Créditistes have the answer and they invite all members, red and blue or NDP members to study the financial matter not only from the social credit viewpoint, but also the present system in operation, in order to better understand the social credit theory and to make the necessary reforms to give Canada a system at the service of man.

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, in the next few minutes, I should like to explain to all members of this House the reasons that prompt me to support the notice of motion moved by my colleague, the hon. member for Shefford (Mr. Rondeau).

I will use a language everybody here can understand, the language of figures. I am convinced that if you consider those figures, you will draw the same conclusions.

To me, the justification of a government, is to act in such a way that people under its jurisdiction, will have an essential minimum purchasing power, so as to lead a free life, according to their work rather than to an economical structure.

Now I realize that at the present time in Canada, there are many factors, expressed in figures, that show very clearly, even a blind person, could see it, that the Canadian economy tends to stifle the worker, to the benefit of big enterprises or trusts. I will explain with a few quotations to prove my point.

The price of consumer goods has gone up. It is undeniable, as anybody looking at what is happening in Canada in 1969 can see, that everything is on the increase: the price of food has increased by 0.7 per cent during October 1969 as compared with September, as a matter of fact, the price of fruit, vegetables, pork and dairy products has gone up. That of fuel, and ladies' and children's clothing increased by 1.5 per cent and 1.4 per cent respectively during the same period. The

price of furniture and other household appliances also increased as well as that of services. Indeed that sector showed an increase of 1.6 per cent during the third 1969 quarter, as compared with the previous one.

We also witnessed a tremendous increase in the interest rates of banks and finance companies. The current bank interest rate is of 8¾ or 9 per cent. As for those who cannot afford bank loans, they borrow from finance companies and other lending institutions at a rate of 18 per cent or 20 per cent and sometimes even higher.

I have here an advertisement of the Quebec government which proves my point quite well. This advertisement stipulates that Hydro-Quebec borrowed on December the 3rd an amount of 50 million dollars payable in American funds at 9¾ per cent and falling due on December the 15th, 1995.

If we stop a while to examine this loan, we can notice that on December the 15th, 1995, Hydro-Quebec will have to hand over to the American lending companies, for this transaction, about 175 million dollars, that is nearly $125 million in interest for a period of 25 years only. And the borrowed sum is $50 million. I think it is absolutely insane to refund a sum three and a half times greater than the original debt after 25 years only. We wonder who will pick up the talk? Everybody knows it here. The Quebec taxpayers will pick it up that's who. This is one example among hundreds of others which prove the total lack of financial genius among the people who are ruling Canada.

I should like to draw the attention of the members to the increase in unemployment in Canada at the present time. It is another symptom of the inability of the present administration to solve the problem. According to bulletin 71-001F of the Dominion Bureau of Statistics for the month of November which deals with the labour force in October, there were 26,000 more unemployed compared to 1968. Expressed in percentage of the total labour force, the rate of unemployment in 1969 was 3.9 per cent in October 1969, compared to 3.4 per cent in September 1969 and 3.6 per cent in October 1968.

The rate of activity for men, in the third quarter of 1969, was inferior to the corresponding period in 1968, in every age group. There lies the reason for the existence of the government, with regard to those facts which prove, beyond a doubt, that the number of people who are reduced to the strict minimum is increasing daily.

[Mr. Beaudoin.]

I should also like to point out to the members the case of farmers who now stand, under the present administration, close to bankruptcy. About thirteen thousand farms disappeared last year. In 1967-68, there were 5.3 per cent fewer farmers in Canada. In support of those figures, here are a few excerpts from various reports. According to report No. 1349 of the Canadian Department of Agriculture, page 11 of the French version, and I quote:

> Although the general consumer price index revealed an increase of 36 per cent between 1948-52 and 1964-68, the retail price of food products increased by only 33 per cent. In that same period, the prices paid the farmers increased by only 9 per cent.

So we have a gap of 27 per cent. This, in my opinion, is very serious. Some people in the federal government who have a keen interest in the present system will tell you: The government grants subsidies which help the farmer to get through.

I will now quote from page 12 of the same report, published by the Department of Agriculture a few weeks ago, and I quote:

> Canadian farmers do not get much in the way of subsidies. A comparison made by the OECD shows that the federal spending for agriculture in Canada (which includes not only subsidies but all services such as research and survey) average about $286 per gainfully employed person as against $1,287 in the United States.

The difference amounts to a mere $1,000 per year for every worker. What does the future hold in store for the Canadian farmers?

We can say without the shadow of a doubt that our financial system is inadequate. It may very well be that the people who run the economy of the country are incompetent, but I would rather blame the system. One can certainly not blame the country, for Canada is very rich. However, because of the poor administration of the present government, the poor are growing in number every day in the most appalling way.

By studying certain symptoms, we realize that the present government has failed in its effort to check inflation. We see now that the recipe was not good because there has been a frightening increase in the cost of insurance, municipal, school and other services. As for those who must ask for high interest rates, I cannot blame them because they need money to pay the interest on the loans they secured here and there.

Our economy is in a vicious circle and the only thing that could break it would be the

implementation of the social credit system in order to distribute the purchasing power among all people. Expressions such as "designated areas" and all others which lead people to believe that new industries will spring up in their areas do not mean a thing because, if we use borrowed money to set up new industries and can sell the goods produced by these industries, we are deluding ourselves.

It is impossible to have a healthy economy if we borrow to build, and if we cannot sell our products. That means that all the needs of the many Canadian families have not been met. Thousands of consumers do not have the necessities of life. Then, why does consumer demand fall, when thousands of them do not have the required minimum? In my opinion, the answer is very simple: a certain class of the Canadian society does not enjoy an adequate purchasing power although our subsoil is one of the richest there is and industries are up against production surpluses. Is that normal?

Is it normal that the government denies credit to these people by bringing forth restrictions of all kinds, one of which consists in letting the interest rate climb to an unprecedented level in the history of Canada?

Who benefits by the raise in interest rates? It is certainly not the man who needs it, but rather the anonymous banker or rich man.

I feel that the gap between the rich and the poor is widening from day to day. To remedy the situation we should change either our system or some of our economists so that the latter may deal more effectively with the problems confronting the world.

• (9:30 p.m.)

[*English*]

The Acting Speaker (Mr. Béchard): Since debate on this motion has now expired pursuant to paragraph 10 of Standing Order 58, the House will proceed to the next item for its consideration, the business of supply.

BUSINESS OF SUPPLY

SUPPLEMENTARY ESTIMATES (A), 1969-70

Hon. C. M. Drury (President of the Treasury Board) moved:

That Supplementary Estimates (A) for the financial year ending March 31, 1970, presented to the House Tuesday, November 18, 1969, be concurred in.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, these estimates were before the committee designated as miscellaneous estimates. In the work this committee had to do we found 45 $1 items. Forty-one of these were transfers and four were items of legislative extension or items having the effect of statutory amendments. One year ago the same committee in its report recommended against this procedure being followed. None the less, four of these items were in the miscellaneous estimates. They were well explained, of course, and duly passed.

I am rising to take only a minute or two of the time of the House to complain about the shortness of the period which was allotted to the committee for the examination of these supplementary estimates. The committee was organized on November 20 with instructions that it report back to the House by December 5. I submit with great respect that this was not sufficient time in which to deal adequately with estimates involving some $66 million.

Some hon. Members: Hear, hear.

Mr. McCutcheon: Your committee discovered tremendous increases in certain areas. One in particular which caused concern related to the Privy Council, and there was an increase of approximately $350,000 in the cost of operating the Prime Minister's office. We were also somewhat concerned to discover an increase of $1,206,000 representing extra expenditures of Senate committees as compared with the cost last year.

I should like at this point to pay tribute to an excellent chairman, but with great respect to the committee it does not have, constituted as it is, the expertise sufficient for a real examination of the matters which come before it. The field is much too broad, covering as it does virtually every department of government from agriculture to veterans affairs. I do not suggest for one moment that the government has taken advantage of this ready-made situation, but I do suggest that one day an unscrupulous administration might use this small, unknown committee, so to speak, in a manner which would not be in keeping with what we expect from Parliament.

An hon. Member: I bet they have thought of that.

• (9:40 p.m.)

Mr. McCutcheon: Perhaps they have thought of it. But I object strenuously to this new system whereby committees can and are being used mainly as rubberstamps.

Supplementary Estimates

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, I too sat on the miscellaneous estimates committee and I should like to raise one topic in the moment or two available to me. On that committee we voted an extra $40 million to pay for the salary increases of civil servants. I suggest that in the $1 items we transferred about another $20 million, in effect voting another $20 million to pay these increases. I am not questioning the pay increases themselves, but I do suggest that the $20 million we transferred was in effect a reduction in government capital expenditure, and we should have something to show for it next year. I realize that an effective and contented civil service is a useful tool for the government, but nevertheless this increase will have to be found in other years.

May I just comment briefly on the admission of the President of the Treasury Board (Mr. Drury) that some of his colleagues had not been willing to accept the principle of cost-benefit studies in their approach to estimating the cost of programs requiring government expenditure.

The Acting Speaker (Mr. Béchard): Order. It being 9.45 o'clock p.m. it is my duty, pursuant to section 10 of Standing Order 58, to interrupt the proceedings forthwith and put every question now before the House, including any bill based thereon. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Mr. Drury thereupon moved that Bill C-169, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1970, be read the first time.

Motion agreed to and bill read the first time.

Mr. Drury thereupon moved that Bill C-169, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1970, be read the second time and referred to the Committee of the Whole.

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

On clause 2—*$91,206,528 granted for 1969-70.*

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

Clause 1 agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

Mr. Drury moved that the bill be read the third time and do pass.

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

The Acting Speaker (Mr. Béchard): Shall I call it ten o'clock?

Some hon. Members: Agreed.

At 9.50 p.m. the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, December 10, 1969

The House met at 2 p.m.

PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—TAX REFORM—ISSUING BY MINISTER OF FINANCE OF ALLEGED PROPAGANDA MATERIAL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a question of privilege of which I have given Your Honour notice as required by the Standing Orders. Yesterday the leader of this party received a letter from the Minister of Finance (Mr. Benson) which included a question that made it necessary for the letter to be referred to our party. We therefore considered the letter at our caucus meeting this morning and it is on behalf of our caucus that I raise this question of privilege, but I believe that it affects members in all parts of the House.

The Minister of Finance, according to his letter which, as I say, was dated yesterday advises us that he has had prepared a set of ten coloured slides which can be used in presenting to those who are interested the proposals set out in the white paper on income tax reform. No doubt it could be argued that these slides are informational in character. Most of us on this side feel they are propaganda on the side of the government's position.

I hope to come as quickly as I can, Mr. Speaker, to the point that makes this matter not just a grievance, not just a complaint, but a question of parliamentary privilege. Before I do so may I say that the issue being raised at this time is not the merits or demerits of the white paper. We happen to think there are some good things in it—in fact, so good that I wish they could be brought into effect right away. But that is not the issue. The issue in the first place is the use of government funds to propagandize government proposals that have not yet been adopted by Parliament.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): I hear some ohs and groans of various kinds on the other side of the House. Mr. Speaker, I suggest that in this day, when we are hearing about Information Canada and about all kinds of ways of conditioning the people of this country to accept the government's ideas, we have to pause and think about an arrangement of this kind.

It so happens, Mr. Speaker, that in 1955 and 1956 when the Canada Pension Plan was before Parliament, and I happened to be one of its most ardent supporters—

Mr. Benson: 1965.

Mr. Knowles (Winnipeg North Centre): I thank my hon. friend for the correction. Yes, 1965 and 1966. What's ten years?

Mr. Macdonald (Rosedale): To you?

Mr. Knowles (Winnipeg North Centre): I remember that there was a terrific propaganda campaign carried on by the insurance companies against that proposal, through the medium of advertisements in newspapers and in other ways. As I say, I was an ardent supporter of the plan, and I did not like that unfair campaign against it. I spoke to the then Minister of National Health and Welfare about it and asked her if there was not something the government could do to offset it. I well remember the Hon. Judy LaMarsh telling me she had thought about this and had made inquiries but had been informed it was not proper, it was not legal, to spend government money in support of a government proposition that had not yet been adopted by the House. And yet, Mr. Speaker, that is precisely what is now being done.

Government money is being spent on these coloured slides, and most of us know how expensive coloured slides are. We have no idea what other expenses are being incurred. We have no idea what advertising agency may have been engaged for this purpose. The whole thing, as I say, Mr. Speaker, is contrary to the accepted practice that public money should not be spent to propagandize government proposals that have not yet been adopted by Parliament.

An hon. Member: A good job is being done.

Mr. Knowles (Winnipeg North Centre): My hon. friend says a good job is being done. I am prepared to agree with that and I am

prepared to admit that there are some good proposals in the white paper. But the issue here is much deeper. Are we moving toward an age in which the government will use its financial resources, its machinery, to condition the people at their own expense to accept government proposals?

Lest Your Honour feel that this is in the nature of only a grievance or a complaint—you will pardon me if I think you might get that idea because it seems to me that quite often that is your response to a question of privilege—may I submit it is more than that. Yes, it is a grievance that the government is using money in this way. Yes, it is a complaint that taxpayers' money is being spent to argue one side of the question. But in this instance the government has gone farther. It has asked the members of our caucus, and I believe the other opposition caucuses have had the same request, to join it in this wrongdoing. The government has asked us to be accessories to this malpractice.

• (2:10 p.m.)

The government has asked us to give our blessing to what they are doing by taking their slides and going around the country showing them. In that respect, Mr. Speaker, I submit that this is an affront to parliament and constitutes a breach of parliamentary privilege. I believe, therefore, that this whole matter should be looked into.

As is so often said, this may only be the tip of the iceberg. This is what we know is being done—these coloured slides. How much else is being done? How many advertising agencies have been engaged? How much of the taxpayers' money is being spent propagandizing a government proposition that has not yet been approved by Parliament? I think this matter should be referred to the Standing Committee on Privileges and Elections. The committee should look into the whole question of the rightness or wrongness of this whole practice. It should determine why this was entered into before there was any consultation with Parliament. Information should be obtained as to how much money is being spent on this whole proposition.

I offer this to Your Honour very seriously as a question of parliamentary privilege. My hon. friend, the President of the Privy Council, laughs. We got along very well last Friday when he was not here. I hope he will not be here this Friday so we can get a lot of business done.

Some hon. Members: Hear, hear.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): My friends opposite are not aware of how close they are moving us to 1984 by these ideas, by using the people's money to condition them to accept the ideas the government wants them to accept. I submit, Mr. Speaker, that applies whether the idea is good, bad or in between.

As I said earlier, Mr. Speaker, if it is Your Honour's inclination to see in the first instance that this is obviously a grievance or complaint, I ask Your Honour to think it through a little further and realize that we, as Members of Parliament, were not consulted about this and yet are being asked if we would like to have these slides to show around the country. We have no intention of doing so, but we are being asked to be accessories to this malpractice. I did not say crime. I am content to call it a malpractice. But we are being asked to give our blessing to something that ought not to be done. Of course in recent days there have been some complaints about fact sheets being distributed over there. This may be an attempt to offset that.

If this was paid for by the Liberal party we could not object. If it was paid for out of public funds, we strongly object. We also object to the insult to Members of Parliament in our being asked to join in this malpractice. Accordingly, Mr. Speaker, if Your Honour will be good enough to find I have a prima facie case of privilege I should then be prepared to move:

That the action of the Minister of Finance in asking members of parliament to make use of propaganda material produced by the government at public expense, without any consultation prior to the production of the said material, be referred to the Standing Committee on Privileges and Elections, and that the said committee be empowered to inquire into the total amount of money being spent on the government's propaganda campaign in support of its proposals for income tax reform.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the argument put forward by the hon. member for Winnipeg North Centre is an argument that the people of Canada should not have the right to consider tax reform before it is legislated into law.

Some hon. Members: Hear, hear.

Mr. Benson: When he talks about preparing slides, perhaps he should be talking about the printing of the white paper and suggesting that we should have the kind of government in the future which does not involve participatory democracy, which does not inform the people of what its intentions are—

Some hon. Members: Hear, hear.

Mr. Benson: —one which does not provide Members of Parliament on both sides of the House with information so that there may be a reasonable discussion of the issues before a decision is made.

I have heard a great deal from the hon. member and from other members of his party about the press conferences which were held before budgets were produced in the House. On this occasion, for the first time in Canada's history, we agreed to brief members of his party and, indeed, members on both sides of the House on the proposals which are being made to change taxes basically in this country. We have put forward proposals which have been placed before the Canadian people not as a *fait accompli* but rather as an approach to tax reform. We have asked for comment from the opposition and from the people of Canada—

Mr. Horner: Let us look at the amendments, too.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. The Minister of Finance has the floor and he should be given an opportunity to make his argument.

Mr. Benson: The hon. member says: "Let us look at the amendments, too." Well, if he can bring forward some reasonable amendments to these propositions, we have stated—

Mr. Horner: You show us yours.

Mr. Speaker: Order, please. I should bring it to the notice of the House that we are not now discussing the white paper. The hon. member for Winnipeg North Centre raised a question of privilege and the Chair will have to decide in due course whether there is a prima facie case. Hon. members who wish to take part in this interesting debate should limit their contributions to the aspect of privilege.

Mr. Benson: All I can say, and I shall do it briefly, is this: if hon. members opposite think it is a breach of the privileges of this House to bring forward proposals for tax reform in a white paper, or if they object to a white paper, if they are objecting to these slides which are purely informative and contain no propaganda—

Some hon. Members: Oh, oh!

Mr. Benson: —if they are against informing the Canadian people about the proposals in the mind of the government before decisions are reached in the House, then perhaps there is a question of privilege and we should discuss the matter in the committee.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear.

Hon. Marcel Lambert (Edmonton West): We have just heard an eloquent exhortation by the Minister of Finance—

Some hon. Members: Hear, hear.

Mr. Lambert (Edmonton West): —who seems to be blinded by the justice of his own case. The complaint does not concern the white paper. The Minister of Finance has unfortunately lost sight of the essence of this communication and what he is trying to do.

Mr. Benson: It could have been in the white paper.

Mr. Lambert (Edmonton West): If the minister can do it in the case of this legislation, then every one of his colleagues could do the same.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): They could take selective extracts, produce them extensively and seek to propagandize them through Members of Parliament.

We find in this letter to the Leader of the Opposition what amounts almost to the offer of a bargain from the basement. The minister says in effect in his letter: I am sorry I have not got any English copies; here is a French copy as a sample.

• (2:20 p.m.)

Mr. Aiken: One of the leftovers.

Mr. Lambert (Edmonton West): Yes, a leftover. We are wondering where the English copies went to; obviously somebody else got them.

I discussed this matter with the hon. member for Winnipeg North Centre before he rose this afternoon, and I too should like to know precisely why this administration has used, as was indicated, public funds to put forward its own case. I recall that a similar thing was done with regard to the Canada Pension Plan, but after the plan had been adopted. Some very informative booklets were distributed at public expense to explain to the people just what had been adopted, and I think those

booklets provided quite a good explanation of the law that had been passed. But certainly one could have complained at that time had the booklets been printed and distributed before the Canada Pension Plan had been approved by Parliament.

The narrow issue here is whether the government can use public funds to put its own side of the case and nobody else's. The same principle applies whether it be the publication of a white paper or the introduction of a bill. I support the arguments which have been advanced in favour of the motion, if accepted by Your Honour, put forward by the hon. member for Winnipeg North Centre.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I do not want to take too much time in this debate on the motion introduced by the hon. member for Winnipeg North Centre (Mr. Knowles), but I want to say that I would have preferred it if, before preparing color slides on the white paper on tax reform, the officials of the Department of Finance had seen to it that enough copies of this document had been printed to supply the needs of every hon. member.

Last week I brought to the attention of the House that we did not have enough copies of the white paper. To inform the public, on all aspects of the tax reform, the government should not distribute slides that represent only a part of the truth, but should make sure first that there are enough copies of the white paper for businessmen as well as a number of officials who are in a position to study every aspect of it.

I support the motion of the hon. member for Winnipeg North Centre because, having the white paper in hand, businessmen are able to study the report and to express some criticism to the Department of Finance.

This is why the minister should have had first a sufficient number of copies printed and made available to citizens, especially to hon. members so that they might study it on their own and be able to give answers to inquirers instead of trying to sell his policy.

As a matter of fact, I think that he will need salesmen after the Constitutional Conference if he wants to have the policy set out in the white paper adopted.

These were, Mr. Speaker, the few remarks that I wanted to make.

[Mr. Lambert (Edmonton West).]

[*English*]

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the Minister of Finance has followed the old practice of governments; whenever you have a weakness you attack some phony issue.

Mr. Benson: It is a phony issue.

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): No one in this House is suggesting for one moment that we should not have the fullest possible discussion all across Canada of the white paper on tax reform. No one is suggesting that there should not be public debate or that there should not be opportunities for people to gather all the information they can. That information surely ought to be disseminated by political parties and by groups interested in the contents of the white paper. The white paper is a subject for discussion all across this country. Those who are for it or against it have a responsibility to place their views before the public in order to allow the various economic groups in Canada which will appear before the parliamentary committee that will be discussing this document the opportunity of presenting their views. No one is objecting to the fullest possible participation in the democratic process. What we are objecting to is the government's use of public funds to propagate its own ideas before these matters have become legislation.

Mr. Benson: What about the white paper itself?

Mr. Douglas (Nanaimo-Cowichan-The Islands): The white paper is not legislation.

Mr. Benson: It is going to result in legislation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If the minister is now taking the position that the moment the government introduces either a white paper or a piece of legislation it can then use the taxpayers' money to build up support for its proposals, then we have started down a very dangerous course.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is this to be the thin edge of the wedge? Is it to be the case that every time a

minister introduces a piece of legislation the taxpayers' money will be used for television programs, radio programs and newspaper advertisements? The minister himself let the cat out of the bag when he was answering the hon. member for Crowfoot by saying that if he had something reasonable to suggest the government would agree to include his views. Is the minister to decide what is a reasonable amendment? Are we now to be allowed to have our views put to the country by the generosity and consent of ministers opposite?

There is only one way we can have a free debate in this country and that is on the basis of those who hold certain views advancing those views at their own expense and not at the expense of the taxpayers of the country.

Some hon. Members: Hear, hear!

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, with regard to the decision you have to make on whether this is a basic question of privilege, let me state that the hon. member for Winnipeg North Centre set out no precedent to support his point with the possible exception of an oral opinion of our former colleague, the Hon. Judy LaMarsh. Notwithstanding the authority of her opinion, I think what is paramount is the fact that this is not a basic question of privilege. The point which clearly the hon. member for Nanaimo-Cowichan-The Islands and the hon. member for Winnipeg North Centre missed, that while they thought it to be perfectly and legally justifiable for the government to use public funds to print and issue the white paper and press releases based on it they deny that funds should be used for certain modern visual aids to supplement it.

Some hon. Members: Oh, oh!

An hon. Member: What about television?

Mr. Macdonald (Rosedale): The hon. member says "What about television?" Indeed, an extension of the argument of the hon. member for Winnipeg North Centre is that one should not use any of these means, visual aids or audio aids, in order to assist in the exposition of any government program. The member for Winnipeg North Centre suffers from a high-button shoes mentality. May I suggest, Mr. Speaker, that all these categories are in the same class. The real situation is that there is a generation gap between the hon. member for Winnipeg North Centre—

• (2:30 p.m.)

Some hon. Members: Hear, hear!

Mr. Macdonald (Rosedale): —and the rest of the country. I think we should bear in mind that this is the silly season for the hon. member for Winnipeg North Centre. This time last year he was talking about clearing the galleries. I suggest that his point of privilege in this connection should be given the same effect as last year, that is, rejected.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, in rising to defend their abuse of public funds both ministers have indicated that in their view this is one way to get people to participate in democracy. So far as I am concerned all they are actually doing is getting the Canadian public to participate only in discussion of Liberal policies.

Mr. Benson: Proposals.

Mr. Yewchuk: The Conservative Party, Mr. Speaker, has counter-proposals and its own views on taxation. The New Democratic Party has its view on taxation, as has the Social Credit Party. On no occasion have these parties used public funds to promote their own ideas in this regard.

Some hon. Members: Hear, hear!

Mr. Yewchuk: It is as wrong to say that what the government has now done is to engage in participatory democracy as it would be if each of the three other parties requested government funds to promote their own personal and private views on these various topics.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Gérald Laniel (Beauharnois): Mr. Speaker, it might be a good thing to let the Canadian public know the reaction of the opposition to the reform of the parliamentary system, of the working methods of members of Parliament and of information in general.

Everyone knows that in the last few months the Liberal caucus has tried to adopt new structures. In that regard, the opposition made only negative criticisms. It was never thought that members of parliament could do anything else in the House but negative and destructive work at which members of the opposition seem to be expert.

About the new methods, the whip of the Conservative Progressive party—

Mutual Funds and Investment Reforms

Mr. Speaker: Order. The hon. member could perhaps resume his seat. I regret to interrupt him, but the discussion seems to be getting ever farther away from the matter now under consideration, that is the question of privilege raised by the hon. member for Winnipeg North Centre. I would invite hon. members who wish to take part in this interesting debate to restrict their remarks to the point raised by the hon. member for Winnipeg North Centre.

Mr. Laniel: Mr. Speaker, my argument is quite simple: it is that the hon. member for Winnipeg North Centre seems to deny the right to information of the people and of all hon. members. For example, a similar criticism meant to deny to the government members the right to information, advice and participation, was made by the opposition.

This indicate all the same that there is within the opposition a negativism which is ineffectual and outmoded nowadays.

Some hon. Members: Hear, hear.

[*English*]

Mr. Speaker: Order, please. I thank hon. members for the advice and counsel they have given the Chair. I am informed there are a number of precedents which perhaps should be looked at by the Chair before a decision is made. If hon. members will allow me to do so, I will hold the matter in abeyance and look into the precedents which have been brought to my attention. I shall do so as soon as possible and perhaps within the next few hours give a ruling on the proposed motion of the hon. member and on whether there is a prima facie case of privilege.

ROUTINE PROCEEDINGS

MUTUAL FUNDS AND INVESTMENT CONTRACTS

TABLING OF REPORT OF COMMITTEE

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have the honour to table the report of the Canadian Committee on Mutual Funds and Investment Contracts in the two official languages.

This was a special federal-provincial study group. I want to thank all members of the committee and those who helped them for this thorough report. As hon. members will see, I will want to study it before making any further comment.

[Mr. Laniel.]

INDIAN AFFAIRS

CONDITIONS ON RESERVES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, with the consent of the House I should like to move a motion at this time under Standing Order 43. I hear from the other side the comment, "No consent." In other words the government is saying, "Do not give me the facts, my mind is already made up." Standing Order 43 reads as follows:

> A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

In order to make the case for urgent and pressing necessity I should like to point out briefly that some two years ago an extensive tour of Indian reserves was mapped out by the Committee on Indian Affairs and Northern Development. The situation was critical and there was a great sense of urgency about the matter. Unfortunately, since that time other events well known to members of the House have intervened including the advent of the just society and the visits have never been made. Meanwhile the situation on the reserves has worsened considerably as we have discovered in the House from various comments by members.

I raise this matter now because of a report from Manitoba that a touring committee of the Manitoba legislature has visited the reserve at Reindeer Lake in northern Manitoba and discovered that this community faces a grim winter with little food. The report is substantiated by Mr. G. E. Smith, an anthropologist with the Canadian National Museum who has been in that area for several months, in these words:

> It looks quite bad. With the late freeze-up there is even some suggestion that there will be no tractor trains in here this winter.

Because Indian affairs come directly under the jurisdiction of Ottawa I should like to move, seconded by the hon. member for Athabasca (Mr. Yewchuk):

> That the Standing Committee on Indian Affairs and Northern Development be authorized to adjourn from place to place so that it might during the Christmas recess investigate the rapidly deteriorating plight of the native people of Canada and report forthwith to this House.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. Hon. members have heard the motion proposed by the hon.

member. The Chair has to inquire whether there is unanimous consent. There cannot be debate. The minister may wish to rise on a point of order later but at this stage there should be no debate. I can only ask whether there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member will have heard, as I have, that there is not unanimous agreement and in view of this I cannot put the motion.

• (2:40 p.m.)

Mr. Howard (Skeena): It is the Liberals who turned it down.

NATIONAL TRANSPORTATION ACT

PREVENTION OF LONG AND SHORT HAUL RATE DISCRIMINATION BY PUBLIC CARRIERS

Mr. Hu Harries (Edmonton-Strathcona) moved for leave to introduce Bill C-170, to amend the National Transportation Act.

Some hon. Members: Explain.

Mr. Harries: Mr. Speaker, the purpose of the bill is to relieve Canadian producers and consumers of an unwarranted economic burden amounting to as much as $22 million a year. This economic burden stems from the practice of the railways of charging high rates in non-competitive areas. This bill would remove long and short haul discrimination.

Motion agreed to, bill read the first time and ordered to be printed.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

ATOMIC, CHEMICAL AND BIOLOGICAL WEAPONS—USE IN EUROPE

Question No. 48—**Mr. Lewis:**

1. Was the Government of Canada, as a member of NATO, aware of the United States Government plans for atomic, chemical and biological weapons use in Europe and, if so, when was the Government of Canada informed about the United States Government's plans?

2. Were these United States plans discussed at meetings of members of the North Atlantic Treaty Organization?

Hon. Léo Cadieux (Minister of National Defence): 1 and 2. Canada is informed of NATO plans concerning nuclear weapons. NATO plans do not include the use of chemical or biological weapons except with respect to protection and defence against them.

OIL POLLUTION IN ARCTIC

Question No. 90—**Mr. Thomson (Battleford-Kindersley):**

1. Has any department of the Government of Canada undertaken or comissioned a study on the effects of oil pollution in the Arctic?

2. Has any department of the Government of Canada studied the minimum structural requirements for oil tankers operating in Arctic waters?

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): 1. The Interim Interdepartmental Committee on Water (ICW) has a working group developing an "Interim National Contingency Plan for oil and other toxic material spills" which would be applied in the event of a spill of oil or hazardous material that would threaten the fresh water resources and/or the coastal waters of the Nation. The prime objective of the Plan is the removal of the pollutant from the water environment and the clean-up of any damaging residue that might remain. After completion of the Plan and its acceptance by ICW, it will be submitted to the Minister of Energy, Mines and Resources for his review and recommendation for its approval by the Government. In addition to the ICW study and complementary to it, the Polar Continental Shelf Project has initiated a study of effects of oil pollution in the Arctic.

2. The Department of Energy, Mines and Resources, in co-operation with the Department of Transport, has provided basic data on ice conditions and characteristics to oil companies concerned with ship design for safe Arctic operations. The matter of specifications for ships operating in the Arctic is under continuing observation by the Government.

CANADIAN COASTGUARD—SECONDARY CANALS—AIRPORT DEVELOPMENT

Question No. 138—**Mr. Skoberg:**

1. Which ships of the Canadian Coast Guard are now being retired as a result of the Department of Transport's budget reduction for the 1970-71 budget?

2. Which construction projects on secondary canals are being cancelled as a result of the Department's budget cutbacks?

Questions

3. Which aspects of airport development including renovations at some air terminals are being cancelled as a result of the Department's budget cutbacks?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. No ships are being retired directly as a result of the Department of Transport budget reduction. The following ships were due to be retired following many months of analysis and operations research which showed that Coast Guard activities could be conducted satisfactorily without them and the budget reduction has accelerated this process slightly. CCGS *Gannet*, CCGS *Edward Cornwallis*, CCGS *C. D. Howe*, CCGS *Auk*, CCGS *Estevan*, CCGS *Mink*, CCGS *Marmot*, CCGS *Lurcher*, and the CCGS *C. P. Edwards*.

2 and 3. Estimates for the Department of Transport for 1970-71 have not yet been determined by Treasury Board.

PENSIONS OF RETIRED PUBLIC SERVICE PERSONNEL

Question No. 199—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired federal civil servants are receiving pensions of amounts within each of the following brackets: (a) less than $20.00 per month (b) $20.00 to $29.99 per month (c) $30.00 to $39.99 per month (d) $40.00 to $49.99 per month (e) $50.00 to $59.99 per month (f) $60.00 to $69.99 per month (g) $70 to $79.99 per month (h) $80.00 to $89.99 per month (i) $90.00 to $99.99 per month (j) $100.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $249.99 per month (m) $250.00 to $299.99 per month (n) $300.00 per month and over?

2. How many widows of civil servants or of retired civil servants are receiving pensions of amounts within each of the brackets indicated in the above question?

3. What is the number of retired civil servants and also the number of widows of civil servants or of retired civil servants presently residing in each province?

4. In respect of how many orphans of federal civil servants are pensions being paid and what is the average amount thereof?

Hon. James Richardson (Minister of Supply and Services): On behalf of the Department of Supply and Services, the following information is provided: 1. See Table 1 following.

2. See Table 2 following.

3.

	Retired Civil Servants	Widows of Retired Civil Servants
Newfoundland	424	179
Prince Edward Island	223	110
Nova Scotia	1,739	934
New Brunswick	1,059	546
Quebec	6,073	3,456
Ontario	15,381	7,703
Manitoba	1,618	789
Saskatchewan	1,091	447
Alberta	1,983	886
British Columbia	5,641	2,268
Northwest Territories	69	8
Outside Canada	573	391
	35,874	17,717

4. Pensions are being paid to 77 orphans of public servants and the average annuity per annum is $237.

Table 1 — Annuitants

Monthly Dollar Brackets	Years of Service 0–4	5–9	10–14	15–19	20–24	25–29	30–34	35 and Over		Total
Less than $ 20.00	49	187	26	11	6	9	4	1		293
$ 20.00 – $ 20.99	16	988	91	16	4	2		6		1,123
$ 30.00 – $ 39.99	16	1,474	349	42	13	8	2	3		1,907
$ 40.00 – $ 49.99	7	1,179	629	104	25	15	9	7		1,975
$ 50.00 – $ 59.99	4	679	1,051	202	35	16	10	9		2,006
$ 60.00 – $ 69.99	8	357	1,128	344	105	15	9	7		1,973
$ 70.00 – $ 79.99	5	173	1,072	466	148	39	8	6		1,971
$ 80.00 – $ 89.99	5	94	839	540	215	83	19	7		1,802
$ 90.00 – $ 99.99	4	45	596	620	215	128	37	18		1,663
$100.00 – $149.99	13	88	971	2,350	1,500	803	614	428		6,767
$150.00 – $199.99	6	54	164	826	1,474	846	639	1,003		5,012
$200.00 – $249.99	1	7	30	195	583	763	599	1,218		3,396
$250.00 – $299.99		2	15	64	259	394	373	1,208		2,315
$300.00 – and over		1	15	93	296	594	535	2,191		3,725
Total	134	5,328	6,976	5,873	4,878	3,715	2,858	6,112	35,874	35,874

In addition to these amounts, persons of age 66 and over, with the necessary residence qualifications, would be eligible for the Old Age Security pension of $78 per month in 1969 plus the Guaranteed Income Supplement of up to $31.20 for those with the loweer incomes.

Some of these pensioners will be receiving additional pensions in respect of service in the Armed Forces of the R.C.M.P. or other employment.

The cases shown in this table, where there is a combination of long service and small pension, can arise from two sources: (1) Newfoundland Government employees who transferred to the federal service in 1949 at the time of Union who retired soon after transfer and before their higher federal government salaries had been received long enough to raise the pension level, and (2) Revenue and Assistant Revenue Postmasters in low revenue offices who were brought under the Civil Service Superannuation Act in the late '40's.

All cases which have been identified are of the former category.

Table 2 — Widows

Monthly Dollar Brackets	Years of Service 0–4	5–9	10–14	15–19	20–24	25–29	30–34	35 and over	Total
Less than $ 20.00	111	1,167	354	29	8	5		8	1,676
$ 20.00 – $ 29.99	5	732	895	296	53	7	1	2	1,991
$ 30.00 – $ 39.99	1	191	841	526	260	52	6	7	1,884
$ 40.00 – $ 49.99	1	47	438	480	396	218	31	6	1,617
$ 50.00 – $ 59.99	1	21	213	432	290	324	192	24	1,497
$ 60.00 – $ 69.99	1	9	99	283	247	255	270	179	1,343
$ 70.00 – $ 79.99	1	9	38	189	216	224	241	298	1,216
$ 80.00 – $ 89.99		4	20	124	147	161	186	237	879
$ 90.00 – $ 99.99			12	68	139	127	164	227	737
$100.00 – $149.99	1	2	25	129	277	368	440	926	2,168
$150.00 – $199.99	7	455	450	435	300	201	155	349	2,352
$200.00 – $249.99			1	9	24	24	29	107	194
$250.00 – $299.99				2	10	16	13	46	87
$300.00 and over					8	16	15	37	76
Total	129	2,637	3,386	3,002	2,375	1,998	1,743	2,447	17,717

In addition to these amounts, persons of age 66 and over, with the necessary residence qualifications, would be eligible for the Old Age Security pension of $78 per month in 1969 plus the Guaranteed Income Supplement of up to $31.20 for those with the lower incomes.

Some of these pensioners will be receiving additional pensions in respect of service in the Armed Forces of the R.C.M.P. or other employment.

The cases shown in this table, where there is a combination of long service and small pension, can arise from two sources: (1) Newfoundland Government employees who transferred to the federal service in 1949 at the time of Union who retired soon after transfer and before their higher federal government salaries had been received long enough to raise the pension level, and (2) Revenue and Assistant Revenue Postmasters in low revenue offices who were brought under the Civil Service Superannuation Act in the late '40's.

All cases which have been identified are of the former category.

INTERNATIONAL GRAINS ARRANGEMENT MEETINGS

Question No. 258—**Mr. Burton:**

1. Since June 1, 1969, how many meetings have been held by members of the International Grains Arrangement?

2. What member countries participated at each of these meetings?

3. What subject matter was discussed at each of these meetings and what were the results of these discussions?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): 1. The International Wheat Council met in London on June 23-27. The Prices Review Commi tee of the International Wheat Council met on September 24 and 25. The following exporter meetings have been held: Washington—July 10 and 11; London—August 1 and 2; London—August 10-13; Washington—September 10-11; London—September 7-13; Winnipeg—September 16 and 17; Brussels—Oc ober 2 and 3; Buenos Aires —October 27-Nov. 1.

2. All members of the I.G.A. attended meetings of the International Wheat Council. Members of the Prices Review Committee for 1969-70 are: Canada, Argentina, Australia, EEC, India, Japan, South Africa, Sweden, Switzerland, United Kingdom and the Uni ed States. Exporter meetings have been attended by representatives of Canada, Argentina, Australia, EEC and the United States.

3. Although the exporter meetings were unable to prevent price declines in July and August, they have resulted in an important degree of stability since mid-September. The discussions among exporters have enabled each of them to obtain a better appreciation of one another's pricing problems and there is confidence that the present stability can be consolidated. Mee ings of the International Wheat Council and Prices Review Committee have, in addition to dealing with the administration of the International Grains Arrangement, enabled exporters to acquaint importers wi.h the outcome of exporter meetings.

PUBLIC BUILDING, BRIDGEWATER, N. S.

Question No. 308—**Mr. Crouse:**

1. Is the Department of Public Works planning to construct a federal public building in the Town of Bridgewater, Nova Scotia?

2. Has a site been selected for a federal public building in Bridgewater and, if so, what area has been approved?

3. What is the total amount of funds allocated for this project?

Hon. Arthur Laing (Minister of Public Works): 1. Yes.

2. No.

3. Funds allocated for this project in Main Estimates 1969-70 is $400,000.

POST OFFICE DEPARTMENT STAFF

Question No. 329—**Mr. Coates:**

1. What was the total staff of the Post Office Department on June 25, 1968 and what is the present staff?

2. What was the total cost to the federal government for salary and wages on (a) April 1, 1968 (b) April 1, 1969?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. June 1968, 48,800. October 31, 1969, 48,491.

2.

	1967-68	1968-69
From Parliamentary Appropriations	$201,882,000	$239,140,000
From Postal Revenue	39,483,000	47,167,000
Total	$241,365,000	$286,307,000

BANNING OF PHOSPHATES IN DETERGENTS

Question No. 332—**Mr. Harding:**

1. Is the government considering banning the use of phosphates in detergents?

2. How much has been allocated to research into this problem?

3. Have any studies, memoranda or reports been prepared on the subject?

Hon. John C. Munro (Minister of National Health and Welfare): 1. No, however officials of the Department of National Health and Welfare as members of the Lake Erie and Lake Ontario-St. Lawrence River Advisory Boards were parties to recommendations of these Boards in their recent report to the International Joint Commission which stated:

That a program of phosphorus control be implemented in the drainage basins of Lakes Erie and Ontario to reduce the adverse effects on water quality and water use resulting from excessive biological growth.

2. Not available.

3. Yes, the recent report to the International Joint Commission by its Water Pollution Boards entitled "Pollution of Lake Erie, Lake Ontario and the International Section of the St. Lawrence River".

Questions

IMMIGRATION OFFICES APPLICATIONS

Question No. 345—**Mr. Barnett:**

1. For each country where Canada has immigration offices, what percent of applicants were successful for each of the past two years?

2. What were the absolute number of applications in each case?

3. What was the size of the office staff in each country?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): 1, 2 and 3. See following table:

Canadian Immigration Operations Abroad
1967–1968

Country	1967			1968		
	Number of Staff	Number of Applications Processed	Percentage Approved	Number of Staff	Number of Applications Processed	Percentage Approved
Australia (1)	1	4,631	67.5	10	7,257	42.5
Austria	15	5,366	62.4	16	14,181	73.6
Belgium	10	4,074	41.3	8	2,884	40.6
Denmark	8	2,012	84.9	7	2,309	58.2
Eire	3	3,232	75.3	4	2,873	64.1
Finland	2	1,512	51.5	2	2,273	34.5
France	33	45,589	24.5	45	40,020	20.2
Germany	61	35,032	40.5	42	18,015	50.6
Greece	14	14,501	45.6	16	19,734	32.4
Hong Kong	30	16,200	34.5	38	14,290	49.1
India	18	24,653	14.3	16	26,463	10.8
Israel	9	4,652	44.5	9	3,080	40.6
Italy	49	54,725	57.6	50	39,216	49.9
Jamaica (2)	5	1,049	50.6	10	6,919	31.4
Japan	8	953	83.5	10	893	62.4
Lebanon (3)	7	4,983	31.6	12	4,651	34.6
Netherlands	14	6,929	75.5	13	5,011	68.5
Norway	2	634	83.8	2	918	81.9
Pakistan	5	2,664	19.4	9	12,504	4.1
Philippines	8	5,573	33.9	9	4,880	45.1
Portugal	18	7,342	74.1	17	27,119	26.6
Spain	8	6,585	25.4	8	7,783	16.4
Sweden	7	1,417	57.5	6	1,445	41.3
Switzerland	21	7,752	57.9	15	5,027	63.9
Trinidad (1)	5	1,531	48.9	12	7,745	33.0
United Arab Republic	7	3,961	39.7	6	2,331	76.6
United Kingdom	113	114,595	62.6	106	88,990	55.9
Yugoslavia (4)	5	2,455	80.3	7	2,730	77.1

LEGEND: Canadian Immigration office facilities established in (1) June, 1967
(2) August, 1967
(3) May, 1967
(4) October, 1967.

ELIGIBILITY FOR CANADA PENSION PLAN BENEFITS

Question No. 387—**Mr. Robinson:**

1. How many Canadians are eligible at the present time to receive Canadian Pension Plan benefits?

2. How many Canadians will never be able to receive Canada Pension Plan benefits under the present legislation?

Hon. John C. Munro (Minister of National Health and Welfare): 1. All members of the labour force who contribute to the Canada Pension Plan or to the Quebec Pension Plan are eligible to receive a retirement pension if they live to age 65. Should death occur before or after age 65, a lump sum death benefit is payable provided the deceased contributor had made the required number of contributions. Also, upon the death of a male member of the labour force, a widow's pension will be payable to his widow if she is over the age of 35, and will be payable if she is under age 35 if she is disabled or if she has dependent children. Orphans' benefits are also payable on behalf of the dependent children of a deceased male contributor. A married woman who is a member of the labour force and who has a disabled husband who has been unable

[Mr. Munro.]

to obtain substantially gainful employment can expect that her husband will receive a survivor's benefit upon her death. Any children who were dependent upon a working mother would also be eligible for survivors' benefits upon her death. A disability pension will be payable to a contributor who became disabled within the meaning of the Act and who had made contributions for the required number of years.

2. In general, a person will never receive Canada Pension Plan benefits under present legislation if he retired from the labour force before 1966, if he has not been a member of the labour force since 1965 and if he or she is not the disabled widower or widow of a person who had contributed to the Canada Pension Plan. The Plan is a contributory social insurance program which was not designed to cover persons in the categories mentioned in the preceding sentence.

USE OF DDT ON AGRICULTURAL CROPS

Question No. 394—**Mrs. MacInnis:**

1. For what 12 agricultural crops will registration be granted, permitting the use of DDT under the Pest Control Act in 1970?

2. For what reason is the tolerance for DDT reduced from seven parts per million for vegetables and fruits such as beans, carrots, corn, lettuce, peas, tomatoes, strawberries and all citrus fruits, while the DDT tolerance is to be reduced for apples, pears and celery to three and a half parts per million?

3. Why is the DDT tolerance of seven parts per million to be left unchanged for the fat of the meat of cattle, hogs and sheep while there are no tolerances for DDT in potatoes, eggs, fish, milk, butter, cheese, ice cream and other products?

4. In view of the widespread kills and reproductive failures among populations of birds and fish owing to contact with DDT residues, what are the reasons for believing that similar buildups will not inevitably reach lethal levels in the human species?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): 1. I am informed by the Departments of Agriculture and National Health and Welfare as follows: 1. Apples, strawberries, raspberries, blackberries, red beets, celery, radishes, sugar beets, turnips, rapeseed, mustard, and tobacco.

2. The DDT tolerances were reduced in all instances to the level which could be achieved under the reduced use pattern of DDT. For most fruits and vegetables one part per million was considered to be adequate. However, in the case of apples, pears, and celery, a level of 3.5 parts per million was required. The important point to consider is that the total consumption of DDT will be drastically reduced under the new proposals.

3. DDT tends to concentrate in the fat of the meat of cattle, hogs and sheep. A level of seven parts per million in the fat of meat is required to accommodate residues that can arise from the recommended use of DDT to control insects on beef cattle. It is not considered desirable to establish tolerance for potatoes, fish, eggs or dairy products although trace amounts are found in these foods from time to time. In the absence of a tolerance, it is possible for the Food and Drug Directorate, Department of National Health and Welfare, to act rapidly to remove any of these products from the market if the pesticide residue levels represent any possible hazard to health.

4. The levels of DDT in the fat of all species is related to the amount in the diet. On a specific amount of DDT in the diet, the levels in the fat reach a plateau and do not increase any further. Data which has been obtained in the Laboratories of the Food and Drug Directorate, Department of National Health and Welfare over a period of some five years, suggest that on the average, the fat of Canadians contains from four to five parts per million of DDT, a level which has not changed significantly over this period. This amount is similar to the values reported from the United Kingdom but approximately half that of average figures reported from the United States. There is no evidence that present levels of DDT in the Canadian diet or in the fat of Canadians have caused any harmful effects in humans.

RECALL OF EMPLOYEES OF DIPLOMATIC MISSIONS

Question No. 405—**Mr. Coates:**

1. How many employees of the Diplomatic Missions of the Department of External Affairs have been recalled to Canada since April 1, 1969, and how many additional persons will be recalled before March 31, 1970?

2. Of those recalled or about to be recalled to Canada, what is the breakdown as per classification?

3. How many Diplomatic Missions will be closed out by the Department of External Affairs and what was the total staff of each Diplomatic Mission closed out?

4. How many of those recalled will be placed in other positions within the Department of External Affairs and how many will be asked to seek other employment within the Public Service and how many will be laid off as employees of the Public Service?

Questions

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. 164 from April 1, 1969 to November 1, 1969, as part of the Department's normal rotational program. It is estimated that 233 will be redeployed to Ottawa between November 1, 1969 and March 31, 1970.

2.

For the period from April 1, 1969 to November 1, 1969:

Foreign Service Officers (FSO)	26
Administrative Services (AS)	14
Clerks (CR)	25
Stenographers (ST)	54
Communicators and Technicians (CM, EL)	37
Guards (PRC)	8
	164

For the period from November 1, 1969 to March 31, 1970:

FSO	66
AS	22
CR	36
ST	54
CM, EL	35
PRC	20
	233 (estimate)

3. (a) Seven. (b) In so far as Canada based staff is concerned, the total staff for each of the missions being closed is as follows: Berlin, 4; Montevideo, 4; Nicosia, 6; Quito, 4; Phnom Penh, 4; Santo Domingo, 4; Vientiane, 7. (c) The locally engaged staff employed at each of these missions is as follows: Berlin, None; Montevideo, 7; Nicosia, 5; Quito, 5; Phnom Penh, None; Santo Domingo, 6; Vientiane, None.

4. Employees serving abroad being redeployed to Ottawa will not necessarily be surplus to departmental requirements. While it is clear that some staff reductions will be required prior to March 31, 1970 the precise numbers and occupational groups affected cannot yet be finally determined.

RESIGNATIONS FROM CERTAIN EXTERNAL AFFAIRS BRANCHES

Question No. 407—**Mr. Coates:**

1. How many employees of the Administrative and Foreign Services Branches of the Department of External Affairs have submitted resignations since April 1, 1969?

2. How many employees of the Passport Division have submitted resignations since April 1, 1969?

Hon. Mitchell Sharp (Secretary of State for External Affairs):

Employment Category	Total number of resignations	Of these resignations the following number transferred to other Federal Government Departments
1. Administrative Services Officers	6	1
Administrative Trainees	3	2
Foreign Service Officers	17	3
2. Permanent employees	6	1
Term employees	10	0

LEASED OFFICE SPACE, OTTAWA

Question No. 408—**Mr. Sulatycky:**

1. (a) How many square feet of office space in Ottawa were leased by the government from Campeau Corporation during the month of July, 1969?

(b) What amount of rent was paid to Campeau Corporation for this space?

2. (a) How many square feet of office space were rented in Ottawa by the government during the month of July, 1969?

(b) What amount of rent was paid for this space?

[Mr. Coates.]

Hon. Arthur Laing (Minister of Public Works): So far as the Department of Public Works is concerned: 1. (a) 858,044 sq. ft., (b) $312,766.67.

2. (a) 4,357,281 sq. ft., (b) $1,442,272.52.

INTERNATIONAL CONVENTION ON RACIAL DISCRIMINATION

Question No. 416—**Mr. MacGuigan:**

1. Is the government seeking the agreement of the provincial governments to the ratification by Can-

ada of the International Convention on the Elimination of all Forms of Racial Discrimination, which was signed by Canada on August 24, 1966 and, if so, which provinces have (a) agreed to the ratification (b) withheld their agreement?

2. When does the government expect to be in a position to ratify the Convention?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. and 2. Since signing the convention, the Government of Canada has been consulting provincial governments with a view to obtaining their approval of Canadian ratification. No province has withheld its agreement to ratification. This process of consultation is nearing completion, and the Government is hopeful that in the near future the way will be open for Canada to ratify the convention.

POST OFFICE DEPARTMENT REVENUES AND EXPENDITURES

Question No. 429—**Mr. Fortin:**

1. For each of the last ten years, what were (a) the revenue (b) the expenditures of the Post Office Department?

2. Do the figures for revenue and expenditures take into account the value of services supplied to the Post Office Department by other departments as well as the value of services supplied to other departments by the Post Office Department and, if not, what is the estimated value of such services?

3. For each of the last ten years, what was the surplus or deficit of the Post Office Department?

4. For each of the last ten years, how many post offices were in operation?

5. For each of the last ten years, what was the total number of employees in the Post Office Department?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications):

MILLIONS OF DOLLARS

	1959–60	1960–61	1961–62	1962–63	1963–64	1964–65	1965–66	1966–67	1967–68	1968–69
1. (a) Revenue	196.9	205.6	217.5	226.7	240.3	268.7	285.1	305.4	335	374.9
(b) Costs	220.3	236.8	246.8	251.4	277.2	279.6	315.8	353.1	404.2	463.1
2. Yes.										
3. Deficit	23.4	31.2	29.0	24.7	36.9	10.9	30.7	47.7	67.2	88.2
4	11,414	11,335	11,291	11,224	11,149	11,097	11,172	11,059	10,838	10,450
5	39,855	40,542	41,197	41,512	42,027	43,067	44,244	46,767	48,376	49,058

PROSPECTING BY ELDORADO NUCLEAR LIMITED

Question No. 431—**Mr. Fortin:**

1. With reference to Question No. 2,229 answered on June 11, 1969, what instructions were given by the government to Eldorado Nuclear Limited limiting prospecting?

2. When did the government lift the ban on prospecting and what was the substance of this instruction?

3. Did studies made by the company establish that supplies of uranium and uranium derivatives are adequate?

4. Does the company intend to sell shares or bonds in order to finance prospecting?

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): 1. In March 1961, the Minister of Trade and Commerce advised that Eldorado Nuclear Limited should withdraw from the field of outside exploration and not proceed with its proposed 1961 program.

2. On July 19, 1968 the Government approved the re-entry of Eldorado into the field of mineral exploration, and directed that Cabinet approval be obtained for any arrangements to dispose of any orebody holdings of Eldorado.

3. No.

4. The Company has no plans at this time to finance prospecting by the sale of shares or bonds.

RECORDING OF EARTHQUAKES

Question No. 434—**Mr. Rose:**

1. Is there any recording of earthquakes by Canadian government scientists and, if so, did these scientists record a strong earthquake in the Aleutian Islands at the end of October 1969?

2 What was the shock measure of this earthquake on the Richter scale?

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): 1. Canadian Government scientists operate a standard seismic network which routinely records earthquakes at 24 locations widely distributed throughout Canada.

An earthquake in the Aleutian Islands near latitude 51° North and longitude 179° West,

which occurred at 11 hr 33 m 05 sec Universal Time Oct. 31, 1969, was sufficiently strong to be recorded at all the stations of the network.

2. The magnitude of this earthquake was 6 on the unified body-wave magnitude scale used by seismologists for events at this distance. This scale is often referred to as the Richter scale, although there are small, highly technical differences. On another scale, involving surface waves, the magnitude was 6.4.

AID TO UNIVERSITY OF THE WEST INDIES

Question No. 481—**Mr. Dumont:**

Is the aid granted to the University of the West Indies in the amount of $1,731,000.00 an interest-free loan or a gift from the Government of Canada?

[*Translation*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): It is a gift from the government of Canada.

[*English*]

SMOGLESS MOTOR VEHICLE

Question No. 490—**Mr. Mather:**

1. Is the government aware of the experimental development in the U.S. of a smogless motor vehicle powered by turbo-electric means?

2. Is consideration being given to prohibiting the use of pollution-creating motor vehicle engines?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. Yes.

2. Prohibiting the use of such engines is not considered to be a feasible solution to the problem at this time, as practical alternatives are not as yet available. Passage of Bill C-137 would make it possible to establish and enforce maximum limits of the exhaust emission from new motor vehicles. The limits would be set in relation to the levels of air pollution in Canada at a given time so as to minimize the danger to the health of Canadians.

ALLEGED FREE MAILING BY LIBERAL FEDERATION

Question No. 498—**Mr. Howard (Skeena):**

Has the Post Office Department conducted an investigation into the claim that the Liberal Federation of Canada mailed hundreds of press releases to the Parliamentary Press Gallery free of charge and, if so, what is the result?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Yes, it was determined that 286 items were mailed. As soon as the error became known to the mailers they remitted to the Post Office Department full payment of first class postage in the amount of $17.16.

[Mr. Orange.]

ALLEGED FREE MAILING BY LIBERAL FEDERATION

Question No. 505—**Mr. Macquarrie:**

1. Were letters from the Liberal Federation of Canada delivered in the mails in Ottawa recently without postage and, if so, on what dates and in what quantity?

2. Did the Post Office Department investigate such delivery and, if so, what was the result?

3. How many complaints were received concerning this matter?

4. What would have been the total revenue accruing to the Post Office Department, had the postage on the items in part 1 been fully paid?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Yes, November 10, 1969—286 items.

2. Yes. As soon as the error became known to the mailers they remitted to the Post Office Department full payment of first class postage in the amount of $17.16.

3. None.

4. $17.16.

CHARLOTTETOWN AIRPORT IMPROVEMENTS

Question No. 506—**Mr. Macquarrie:**

1. Since July 1, 1969, what improvements have been made at the Charlottetown Airport?

2. For what reason was the calling of tenders for paving the parking lot and runways and extending the terminal building delayed beyond the announced date?

3. What is now the estimated completion date for all such improvements and extensions?

4. When is it intended to obtain more land for the Charlottetown Airport and commence construction of a new terminal building?

5. At the present time, how many daily commercial flights use the facilities of the Charlottetown Airport?

6. What is the total passenger capacity of each and all such flights?

7. What is the seating capacity of the passenger lounge of the Charlottetown Airport?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. Taxiway and apron have been extended for larger aircraft. A car park enlargement is underway and 90 per cent complete.

2. Paving Contract delayed due to funding, design time, and tender call. The Terminal

enlargement was delayed due to establishment of user requirements and design; tender closing date December 18.

3. Paving completion date June 1970; Terminal completion date May 1970.

4. When forecast operational requirements justify such action; currently, and pending further detailed studies of needs of the role of this airport in the overall Maritime aviation system, we expect such work might be necessary in the 1975-80 period.

5. Four flights.

6. Of the four flights noted, two are B737 —105 passengers; and two are Dart Herald— 41 passengers. Total daily passenger capacity —292 passengers.

7. Thirty-two passengers.

INCENTIVE GRANTS AND LOANS, P.E.I.

Question No. 524—**Mr. McQuaid:**

Of the 278 development incentive grants or loans approved by the Department of Regional Economic Expansion since January 1, 1969, for firms establishing new plants or expanding in the slow-growth regions of Canada (a) how many of these have been approved for the Province of Prince Edward Island (b) what are the names of the ones so approved (c) what is the amount of financial assistance given in each case and is this assistance by way of loan or grant (d) what is the estimated permanent employment which will result from these approvals?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): (a) 13; (b) and (c) details of development incentives are provided when, but only when, the company has actually begun construction (under the new legislation) or gone into commercial production (under the old legislation); (d) 711.

CHEMICAL AND BIOLOGICAL WARFARE RESEARCH—USE OF ANIMALS

Question No. 530—**Mrs. MacInnis:**

Are animals still being used to test material in connection with research into chemical and biological warfare at the Defence Research Station at Suffield, Alberta?

Hon. Léo Cadieux (Minister of National Defence): In its program of chemical and biological defence research, the Defence Research Establishment Suffield uses animals as they are used in medical research generally, which is concerned with man's welfare both in peaceful and defensive environments. The animals employed are obtained from the same sources from which other medical research laboratories obtain them, and the most humane techniques according to the "Guiding Principles for the Care of Laboratory Animals" formulated by the Canadian Federation of Biological Societies, are observed in all such work.

FOREIGN EMBASSY MAILING PRIVILEGES

Question No. 532—**Mr. Knowles (Winnipeg North Centre):**

1. What arrangements or agreements have been established between the Government of Canada and foreign embassies situated in Canada regarding mailing privileges through the Canadian Post Office from these embassies to places within Canada?

2. Does all mail distributed by foreign embassies within Canada go postage free and, if so, how is this mail labelled?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Under the provisions of the Convention of the Postal Union of the Americas and Spain, correspondence, other than air mail, of duly accredited members of the diplomatic corps situated in Canada representing the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador (El), Spain, United States, Uruguay and Venezuela may be conveyed free of postage when mailed at Ottawa and addressed for delivery in Canada or in the countries mentioned. As Canada is a member of this particular Union our Embassies situated in the above mentioned countries enjoy the same mailing privilege.

2. Only mail originating with Embassies of countries of the Postal Union of the Americas and Spain is entitled to the free mailing privilege referred to in (1). Such mail must bear the name of the Embassy and be prominently endorsed "Diplomatic Correspondence" and "Free of Postage".

QUEEN OF CANADA SIX CENT STAMPS

Question No. 540—**Mr. Dinsdale:**

1. Are six cent stamps available featuring the Queen of Canada and, if not, when were these stamps removed from issue?

2. Does the government intend to re-issue them and, if so, when?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Yes.

2. Not applicable.

Questions

WELFARE PAYMENTS, CANADA ASSISTANCE ACT

Question No. 542—**Mrs. MacInnis:**

Is the federal government, by legislation, regulation or otherwise, preventing the Province of British Columbia from making welfare payments under the Canada Assistance Act to casual longshoremen or other workers laid off by strikes?

Hon. John C. Munro (Minister of National Health and Welfare): There is no federal legislation, regulation or other requirement that would prevent the province of British Columbia from making welfare payments under the Canada Assistance Plan to casual longshoremen or other workers laid off by strikes other than that any assistance paid must be based on a test of need and be consistent with the provincial law under which assistance is granted.

CANADA ASSISTANCE PLAN PAYMENTS TO BRITISH COLUMBIA

Question No. 543—**Mrs. MacInnis:**

How much money has been paid to the Province of British Columbia under the Canada Assistance Plan in each year since the Plan came into operation?

Hon. John C. Munro (Minister of National Health and Welfare): Federal payments to the Province of British Columbia under the Canada Assistance Plan in each year since inception of the Plan:

Year	Payment
1966-67	NIL
1967-68	$32,719,792
1968-69	37,215,887
1969-70 (to Oct. 31/69)	20,781,117
	$90,716,796

DEVELOPMENT INCENTIVES TO FIRMS

Question No. 545—**Mr. McGrath:**

1. By province, what firms received development incentives in the current calendar year for the establishment of new plants or for expansion in the slow growth regions of Canada?

2. By province, what are the names of the firms who qualify for such development incentives?

3. By province, how many new jobs are to be created by such development incentives?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): 1 and 2. Details of development incentives are provided in the monthly report to Parliament when, but only when, the company has actually begun construction (under the new legislation) or gone into commercial production (under the old legislation).

3. Newfoundland, 1,015; Prince Edward Island, 711; Nova Scotia, 3,627; New Brunswick, 3,582; Quebec, 4,906; Ontario, 1,467; Manitoba, 656; Saskatchewan, 311; Alberta, 382; and British Columbia, 1,281.

MID-CANADA DEVELOPMENT CORRIDOR STUDIES

Question No. 549—**Mr. Southam:**

1. What department or official of the federal government is responsible for the "Mid-Canada Development Corridor" studies presently under way?

2. What Minister of the Crown will report to Parliament on the progress of these studies?

3. Will the proceedings of the First Session of the Mid-Canada Development Corridor Conference be available at an early date and will Members of Parliament have copies made available to them?

4. Will the seven task forces, now established in relation to these studies, be making regular reports and will these reports be made available to Members of Parliament?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. There are no such studies.

2. Not applicable.

3. The Mid-Canada Development Corridor Conference held at Lakehead University last August was privately sponsored and any reports of its proceedings must be distributed by the sponsors.

4. Not applicable.

MILITARY PERSONNEL STATIONED IN THE NORTH

Question No. 570—**Mr. Dinsdale:**

In 1959, 1963 and 1969 how many Canadian military personnel were located in (a) Whitehorse (b) Inuvik (c) Churchill (d) Frobisher Bay, and (e) Alert?

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): As of 30 September:

	1959	1963	1969
(a) Whitehorse	583	596	NIL
(b) Inuvik	61	108	225
(c) Churchill	679	675	1
(d) Frobisher Bay	NIL	23	NIL
(e) Alert	71	144	194

QUESTIONS PASSED AS ORDERS FOR RETURNS

LANDED IMMIGRANTS

Question No. 141—**Mr. Paproski:**

1. By country of origin, how many persons were granted landed immigrant status in Canada in each of the following years, 1965-66-67-68?

2. By country of origin how many were rejected in each of the same years?

3. By country of origin what was the province of final destination of those accepted in the above years?

Return tabled.

GRANTS TO CESO

Question No. 195—**Mr. Lewis:**

1. For each of the years 1967, 1968 and 1969, what federal government grants have been given to the CESO, the private organization providing technical assistance overseas?

2. Who are the principal officers and directors of CESO, and what business organizations do they represent?

Return tabled.

MOTION TO ADJOURN UNDER S.O. 26

AIR TRANSPORT

POSSIBLE STRIKE BY AIR TRAFFIC CONTROLLERS—ALLEGED INTERFERENCE IN NEGOTIATIONS BY MINISTER OF TRANSPORT

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I ask leave to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the crisis stalemate existing today in the negotiations between the Treasury Board and the Canadian Air Traffic Control Association, which has been aggravated by the uncalled for interference by the Minister of Transport by way of public statements with legitimate bargaining processes and by his suggestions, which blatantly disregard public safety, for a makeshift preservation of services in the event of a strike, despite his undertaking made to the Public Service Staff Relations Board on July 31, 1969, to respect a legal strike.

The delays of the Treasury Board and the improper interference of the Minister of Transport so certainly call into question the good faith of the government that settlement by negotiation may well be impossible, and this House should now consider alternative

modes of settlement. I draw this to your attention, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member knows that according to the Standing Order he can only give to the House the statement of which he has given notice to the Speaker and which ends with the words "should now consider alternative modes of settlement."

The hon. member for Crowfoot has, as I have intimated, given the notice required by Standing Order 26, and I have had an opportunity to consider all aspects of the proposed motion. While the issue of a possible nationwide strike of air traffic controllers is one of national importance and of immediate interest to all hon. members, I have grave doubts about the advisability of putting the hon. member's motion to the House at this time. After giving the matter my most serious consideration, I have come to the conclusion that the provisions of Standing Order 26 do not allow for the adjournment of the House for the purpose proposed by the hon. member. This does not preclude the hon. member from raising the matter later. My decision is simply that the motion should not be put at this time.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notices of motions for the production of papers Nos. 177, 178, 196, 215, 236, 237, 238, 239, 240, 241 and 242 are acceptable to the government.

[*English*]

VITAMIN A INTAKE

Motion No. 177—**Mrs. MacInnis:**

That an Order of the House do issue for copies of the studies carried out by the Food and Drug Directorate for five Canadian cities showing that there are many persons who receive an insufficient intake of Vitamin A.

Motion agreed to.

DRUG REGULATIONS—STUDY BY DR. ELDON BOYD

Motion No. 178—**Mrs. MacInnis:**

That an Order of the House do issue for a copy of the special study by Dr. Eldon Boyd, professor of pharmacology at Queen's University, on new drug regulations prepared for the federal Food and Drug Directorate.

Motion agreed to.

Motions for Papers

POLLUTION OF INLAND AND COASTAL WATERS

Motion No. 196—**Mr. Rose:**

That an Order of the House do issue for a copy of the paper indicating Canada's position on pollution of inland and coastal waters prepared for the Inter-governmental Maritime Consultative Organization held at Brussels in November, 1969.

Motion agreed to.

BUTTER AND SKIM MILK PRODUCTION

Motion No. 215—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Stevenson and Kellogg Limited on butter and skim milk production undertaken for the Department of Industry, Trade and Commerce in the fiscal year 1965-66, as mentioned in answer to Question Number 1,323 of the past Session.

Motion agreed to.

DESIGNATED AREAS, B.C.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 236—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of British Columbia and referred to in the answer to Question No. 264.

Motion agreed to.

DESIGNATED AREAS, ALBERTA—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 237—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Alberta and referred to in the answer to Question No. 263.

Motion agreed to.

DESIGNATED AREAS, SASK.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 238—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Saskatchewan and referred to in the answer to Question No. 262.

[Mrs. MacInnis.]

Motion agreed to.

DESIGNATED AREAS, MAN.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 239—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Manitoba and referred to in the answer to Question No. 261.

Motion agreed to.

DESIGNATED AREAS, ONT.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 240—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Ontario and referred to in the answer to Question No. 260.

Motion agreed to.

DESIGNATED AREAS, QUE.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 241—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Quebec and referred to in the answer to Question No. 259.

Motion agreed to.

DESIGNATED AREAS, NFLD.—ECONOMIC GROWTH, POTENTIAL FOR SECONDARY INDUSTRY

Motion No. 242—**Mr. Burton:**

That an Order of the House do issue for a copy of any report or other document which describes the weighted measures of rates of economic growth (employment, income and population) and of potential for secondary industry which were used by the Department of Regional Economic Expansion as criteria in selecting designated areas for the province of Newfoundland and referred to in the answer to Question No. 256.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, notices of motions Nos. 155, 165, 244 and 257 are acceptable to the government, subject to the usual reservations concerning privileged papers and authorization of the government authorities concerned.

[*English*]

Mr. Speaker: Subject to the reservations and conditions expressed by the Parliament Secretary, is it the pleasure of the House that notices of motions No. 155, 165, 244 and 257 be deemed to have been adopted?

Some hon. Members: Agreed.

WATER POLLUTION

Motion No. 155—**Mr. Harding:**

That an Order of the House do issue for a copy of all briefs, memoranda or other correspondence received from the manufacturers of detergents in relation to water pollution.

Motion agreed to.

FOREIGN TAKEOVERS OF FINANCIAL INSTITUTIONS

Motion No. 165—**Mr. Saltsman:**

That an Order of the House do issue for copies of all representations received by the Minister of Finance on the subject of foreign takeovers of financial institutions as referred to in answer to Question Number 2,612 reported in *Hansard* on October 22, 1969, page 11682.

Motion agreed to.

TRANSFER OF LANCASTER DVA HOSPITAL

Motion No. 244—**Mr. Bell:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all letters, communications, telegrams, agreements and other data concerning the proposed take-over of Lancaster DVA Hospital between the Government of Canada, the Government of New Brunswick, the Commissioners of the Saint John Hospital, Royal Canadian Legion and other bodies or agencies involved in said transaction.

Motion agreed to.

WOOD BUFFALO NATIONAL PARK

Motion No. 257—**Mr. Yewchuk:**

That an humble Address be presented to His Excellency praying that he wil cause to be laid before this House a copy of all correspondence, telegrams and all other documents exchanged between the Department of Indian Affairs and Northern Development or any agency or division thereof, and the Government of the Province of Alberta or any agency, department or division thereof, on matters pertaining to Wood Buffalo National Park with reference to (a) change in boundaries (b) highway construction (c) industrial development (d) park administration.

Motion agreed to.

[*Translation*]

Mr. Forest: Mr. Speaker, would you be so kind as to call the following notices of motions: Nos. 3, 5, 25, 45, 50, 76, 100, 127, 128, 130, 152, 153, 154, 172, 173, 175, 176, 182 and 243?

Mr. Speaker, I ask that the remaining notices of motions be allowed to stand.

[*English*]

BACKGROUND PAPERS, INTERNATIONAL MONETARY FUND MEETING

Motion No. 3—**Mr. Saltsman:**

That an Order of the House do issue for a copy of all background papers prepared for the September annual meeting of the International Monetary Fund.

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, the papers requested by the hon. member are internal working papers prepared for ministers by departmental officials and, as such, are privileged documents. In view of this I hope the hon. member will consider withdrawing his motion.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn

NEWFOUNDLAND REFINING CO. LTD. TAX EXEMPTIONS

Motion No. 5—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the order-in-council granting Newfoundland Refining Co. Ltd. of St. John's certain exemptions from the provisions of Section 1100 of the Income Tax Act Regulations.

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, Order in Council P.C. 1969-1643 amended section 1100 and Schedule B of the Income Tax Regulations to the effect that all corporations which were affected by Section 14(1) of Chapter 44 of the Statutes of 1968-69 were granted the right to accelerated capital cost allowance in respect of certain depreciable property. The Order in Council did not name any specific corporation.

With this reservation, the government would have no objection to accepting the motion and tabling the Order in Council.

Mr. Speaker: Subject to the reservations and conditions expressed by the minister, is it the pleasure of the House that Notice of Motion No. 5 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

MEDICARE, ONTARIO—INSURANCE COMPANIES PARTICIPATION

Motion No. 25—**Mr. Gilbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before the House copies of all correspondence between the Government of Canada and the Government of Ontario regarding the private health insurance companies in Ontario acting as agents of the federal medical program in that province.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I wish to advise the hon. member that the correspondence referred to in this motion does not exist. Most of the negotiations between the province of Ontario and the federal government concerning that province's entry into the medical care program took the form of discussions at ministerial and official levels. In view of this perhaps there would be agreement to withdraw this motion.

Mr. Gilbert: Agreed.

Order discharged and motion withdrawn.

LOBBYING

Motion No. 45—**Mr. Mather:**

That an Order of the House do issue for a copy of the report on Lobbying prepared for the Minister of Consumer and Corporate Affairs.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the material referred to in this motion is part of a continuing study which was never intended for other than internal use by officials of my department and me. In view of this, I would ask whether the hon. member would withdraw his motion.

Mr. Mather: No, Mr. Speaker. I should like to have it transferred for debate.

Mr. Speaker: Transferred for debate.

[Mr. Gray.]

MUNICIPAL SEWAGE PLANTS

Motion No. 50—**Mr. Harding:**

That an Order of the House do issue for copies of all applications received by Central Mortgage and Housing Corporation from municipalities for the period January 1, 1969 to September 30, 1969 regarding financial assistance for the construction of municipal sewage plants under the National Housing Act.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Minister without Portfolio informs me that such transactions are private matters between the municipalities and Central Mortgage and Housing Corporation. As a matter of policy the corporation does not reveal details of applications made to it by municipalities. Applications for loans under Part VIB of the National Housing Act do not take any particular form and may be very lengthy, including extensive plans and specifications for the work proposed. I therefore ask the hon. member to withdraw his motion.

Mr. Harding: Mr. Speaker, I had asked for the applications by municipalities and I feel that these could and should be made available. May I ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

LOBBYING

Motion No. 76—**Mr. McGrath:**

That an Order of the House do issue for a copy of each interim and final report on lobbying prepared for the Minister of Consumer and Corporate Affairs.

Mr. Speaker: Stand.

DISCONTINUANCE OF CHURCH AND OTHER PUBLICATIONS

Motion No. 100—**Mr. Orlikow:**

That an Order of the House do issue for a copy of all letters received by the Postmaster General from churches, professional organizations, trade unions, co-operatives, credit unions and private organizations, indicating that as a result of the increase in postal rates they intend to discontinue or curtail their publications.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Minister of Communications informs me that this motion is not acceptable as the information requested would necessitate a review of over 5,000 files. It is estimated that several hundred man-hours would be expended in drawing files and searching for

desired correspondence without taking into consideration time expended in copying such correspondence. The expense of such a project is not considered warranted. I therefore ask the hon. member to withdraw his motion.

Mr. Orlikow: Mr. Speaker, it may not be considered warranted by the minister but it is by me. I should like to have a vote on this motion.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

CITÉ DU HAVRE, MONTREAL

Motion No. 127—**Mr. Gilbert:**

That an Order of the House do issue for a copy of the plan prepared by the Central Mortgage and Housing Corporation regarding the development of Cité du Havre in Montreal and discussed in May between officials of CMHC, Montreal and the National Harbours Board.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Minister without Portfolio informs me that no such plan has been prepared by Central Mortgage and Housing Corporation for the lands known as Cité du Havre. However, the corporation and the National Harbours Board have commissioned the services of Community Development Consultants Limited to prepare a development plan for these lands. A preliminary study has been submitted to the corporation but no final plans have been prepared. I therefore ask the hon. member to withdraw his motion.

Mr. Gilbert: Transfer for debate, Mr. Speaker.

Mr. Speaker: Transferred for debate.

PRIVATE MORTGAGE MARKET

Motion No. 128—**Mr. Gilbert:**

That an Order of the House do issue for a copy of the survey of the private mortgage market undertaken by Central Mortgage and Housing Corporation in September, 1969 to determine whether adequate private funds for housing are available.

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the Minister without Portfolio informs me that a survey was conducted on a confidential basis between the officials of Central Mortgage and Housing Corporation and the officials of individual approved lenders. This survey was done by way of personal interview. A report on these personal interviews was made to the minister by the corporation. It is privileged by virtue of the relationship between the corporation and the minister who reports to Parliament for the corporation. It covers matters of a confidential nature and would not be in the interests of the public to have it disclosed. If the government was obliged to disclose the contents of the survey made, the approved lenders would not be prepared in the future to provide the corporation with such confidential information. I therefore ask the hon. member to withdraw his motion.

Mr. Gilbert: Transfer for debate, Mr. Speaker.

Mr. Speaker: Transferred for debate.

CONTRACT, ATOMIC ENERGY OF CANADA LTD. AND TAIWAN ATOMIC ENERGY COUNCIL

Motion No. 130—**Mr. Gilbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the contract between the Atomic Energy of Canada, Ltd. and the Atomic Energy Council of Taiwan regarding the sale of a nuclear research reactor.

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, Atomic Energy of Canada Limited advises that the contract between Atomic Energy of Canada Limited and the Atomic Energy Council of Taiwan is a commercial contract and it has not been customary to make documents of this class public because of the confidential nature of their contents. In view of this, I would ask that the hon. member withdraw his motion.

Mr. Gilbert: Mr. Speaker, I would ask for a vote on this matter.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

PHOSPHATE DETERGENT PRODUCTS

Motion No. 152—**Mr. Harding:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence between the Minister of National Health and Welfare and the United States authorities in relation to phosphate detergent products.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, my minister wishes to

advise the hon. member that there is no correspondence of the nature referred to in Motion No. 152. Perhaps, therefore, the hon. member may wish to withdraw this motion.

Mr. Harding: Agreed.

Order discharged and motion withdrawn.

BANNING OF DDT

Motion No. 153—**Mr. Harding:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence between the Minister of National Health and Welfare and the United States authorities in relation to the banning of D.D.T.

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, with regard to Motions Nos. 153 and 154 communication with the United States was by telephone due to the urgency of the investigation. Perhaps, therefore, the hon. member may wish to withdraw his motions.

Mr. Harding: Mr. Speaker, according to *Hansard* this was an interdepartmental committee discussion and I presume there must be some material somewhere, but if all the discussion took place by telephone I presume they have not got a record of it so I shall just have to withdraw it.

Order discharged and motion withdrawn.

BANNING OF CYCLAMATES

Motion No. 154—**Mr. Harding:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence between the Minister of National Health and Welfare and the United States authorities in relation to the banning of the use of cyclamates.

Order discharged and motion withdrawn.

INTERIM REPORT ON OIL POLICY

Motion No. 172—**Mr. Saltsman:**

That an Order of the House do issue for a copy of the interim report of the Task Force on Oil Policy (Northern Development), as mentioned by the Acting Minister of Energy, Mines and Resources in *Hansard* on April 25, 1969, page 7956.

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the task force on northern oil development is an interdepartmental group of officials reporting on an interim basis directly to ministers on developments as they occur. It is not customary to release such communications, but when a final report is made consideration will be given to making it public. I would therefore ask the hon. member to withdraw his motion.

Mr. Saltsman: Mr. Speaker, although it is not customary I think it is important that this information be made available now.

Mr. Macdonald (Rosedale): Transfer for debate.

Mr. Speaker: Transferred for debate.

PETROLEUM—REFINERY CAPACITY AND MARKET DEMAND

Motion No. 173—**Mr. Saltsman:**

That an Order of the House do issue for a copy of the National Energy Board studies assessing refinery capacity and market demand for refined petroleum products in Regions I, II and III referred to by the Acting Minister of Energy, Mines and Resources before the Standing Committee on National Resources and Public Works on May 8, 1969, page 361 of the Minutes of Proceedings and Evidence.

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am informed by the National Energy Board that the survey of Regions I and II referred to in this motion has not yet been completed. However, the board has prepared a summary of its report on the survey of Ontario (region III) refining capacity. If the hon. member would consent to withdrawal of his motion, I would be prepared to table this document now.

Some hon. Members: Agreed.

Mr. Speaker: Is this motion adopted subject to the conditions outlined by the hon. Parliamentary Secretary?

Some hon. Members: Agreed.

Motion agreed to.

DEFERRED CAPITAL ALLOWANCES—AIR FARE TAXES

Motion No. 175—**Mr. Saltsman:**

That an Order of the House do issue for copies of the studies on the impact of deferred capital allowances, taxes on air fares, speed-ups, in bringing about the final three stages of the Kennedy Round tariff reductions and any other reports, studies, or reviews etc. prepared for the June Budget brought down by the Minister of Finance.

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, the papers requested by

the hon. member are internal working papers prepared for ministers by departmental officials and as such as considered to be privileged documents. In view of this information I hope the hon. member will consider withdrawing his motion.

Mr. Saltsman: Mr. Speaker, I think I should like to have this transferred for debate. The minister's point is not very compelling.

Mr. Speaker: Transferred for debate.

PHARMACEUTICALS AND DRUGS—REMOVAL OF SALES TAX

Motion No. 176—**Mr. Saltsman:**

That an Order of the House do issue for copies of any reports, reviews or studies of the Department of Consumer and Corporate Affairs regarding the removal of the federal sales tax on pharmaceuticals and drugs.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, the reports, reviews or studies referred to by the hon. member in this motion consist of working sheets and memoranda composed for internal use in the department. As such they are privileged documents. In view of this I would ask the hon. member to withdraw his motion.

Mr. Saltsman: Transfer for debate, Mr. Speaker.

Mr. Speaker: Transferred for debate.

REPORT ON WATER

Motion No. 182—**Mr. Harding:**

That an Order of the House do issue for a copy of the interdepartmental committee report on water referred to by the Minister of Energy, Mines and Resources as reported in *Hansard*, November 4, 1969 on page 468.

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, with reference to the hon. member's motion I have to advise that no such report is available as the interdepartmental committee on water has not yet completed its study of this matter of water pollution through the input of phosphates. As the minister stated in the House of Commons on November 4, he is to receive the ICW recommendations as to appropriate federal government action in this regard and to submit them to cabinet for its consideration. I would therefore ask the hon. member to withdraw his motion.

Mr. Harding: Mr. Speaker, I will withdraw the motion at this time and submit it later when the report is available.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

FISH AND GAME LAWS IN RELATION TO INDIANS

Motion No. 243—**Mr. Howard (Skeena):**

That an Order of the House do issue for a copy of the report of the interdepartmental committee, the establishment of which was announced on March 29, 1965, which studied the question of fish and game laws as they relate to Native Indians.

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the minister stated, as recorded in *Hansard* for November 6, 1968, in reply to an identical motion by the hon. member that the report deals with privileged papers and cannot be tabled in the House. I would therefore ask the hon. member to withdraw the motion.

Mr. Howard (Skeena): Mr. Speaker, that request and the position that the government took earlier about its coloured slides simply show how two-faced and hypocritical the government is about giving information.

Mr. Speaker: Is the motion to be withdrawn or transferred for debate?

Mr. Howard (Skeena): No, Mr. Speaker, it is not dropped. I want it transferred for debate.

Mr. Speaker: Transferred for debate.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

INFLATION—EXPECTED HIGHER PRICES IN 1970—INQUIRY AS TO ACTION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I am delighted that we have the Minister of Finance here in person and not merely on a slide—

Mr. Benson: In living colour!

Mr. Stanfield: —although I might get just as much information out of a slide. I would like to ask him a question that the Acting Prime Minister could not answer yesterday. In view of the report by the Purchasing Management Association of Canada which reveals

that fully 60 per cent of surveyed businesses expect higher prices in 1970, can the minister say whether the government proposes to take any additional measures to offset this kind of development, rather than simply leaving the whole problem to the Prices and Incomes Commission?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the matter of inflation in this country is under continual review by the government and any measures we propose to take will be announced to the House in the proper manner.

Mr. Stanfield: In light of this very general response, Mr. Speaker, I would ask the Minister of Finance whether it is still the intention of the government to continue to refuse a parliamentary committee review of the trend-setting price increases made recently and other matters related to inflation? I ask this question particularly in view of the apparent inability of the government to bring forward helpful measures.

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, if I may reply for the Minister of Finance, I have in the past made it clear to the House that we intend to ask the House to establish a parliamentary committee on price stability, but when the opposition spends six or seven days debating CNR financing it becomes difficult to get a motion like that before the House.

Mr. Stanfield: A supplementary question, Mr. Speaker. I ask the minister when he proposes to take steps to establish such a committee.

Mr. Basford: Mr. Speaker, I am ready to establish it right away. It is simply a question of when the House is ready to establish it.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I wish to direct a supplementary question to the Minister of Consumer and Corporate Affairs. Arising from the remarks he made in Vancouver yesterday, wherein he indicated that the government was developing new inflation control measures for use in the event that voluntary restraints do not work successfully, is the minister now in a position to take the House of Commons into his confidence with respect to the nature of these controls and, if so, will they also be placed on coloured slides?

Mr. Speaker: Order, please. The hon. member for Nanaimo-Cowichan-The Islands.

[Mr. Stanfield.]

PROSPECTIVE INCREASE IN COPPER PRICES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to direct a question to the Minister of Finance regarding reports that the copper producers of Canada, who have had three price increases in the past year, are now discussing a fourth increase in price. Is the government taking the precaution of having discussions with the copper-producing companies in order to prevent, if at all possible, a fourth increase in the price of copper within a single year?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I would like to take the question as notice and look into the matter.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I direct a supplementary question to the Minister of Consumer and Corporate Affairs. Have the minister or the Prices and Incomes Commission had or are they planning to have discussions with the copper producers to deal with the matter of a possible fourth increase in the price of copper?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I think the answer to this question should be given by the Minister of Finance.

Mr. Douglas (Nanaimo-Cowichan-The Islands): On a point of order, Mr. Speaker, I asked the minister a question with respect to his department and the Prices and Incomes Commission, which allegedly comes under his jurisdiction. I asked him if that commission has had discussions or is planning to have discussions with the copper producers of this country. That matter does not come under the Minister of Finance.

Mr. Basford: Mr. Speaker, as I have previously explained to the House, I do not get a daily report from the Prices and Incomes Commission. They are having discussions across the country with various groups who are making private and group wage and price decisions, in an attempt to get an agreed package of voluntary restraint. However, I am not informed whether they have met or have the intention of meeting with spokesmen of the copper industry.

Mr. Douglas (Nanaimo-Cowichan-The Islands): As a supplementary question I ask the minister whether he will request the

Prices and Incomes Commission to initiate such a discussion in the immediate future before this price increase comes into effect.

Mr. Basford: Mr. Speaker, as I have made clear to the House, the commission is an independent body—

Mr. Douglas (Nanaimo-Cowichan-The Islands): How independent?

Mr. Basford: —and I have outlined to the House what it is endeavouring to do. Because it is an independent commission, I think it would be quite unwise for me to be directing it every hour as to what it should be doing.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a supplementary question to the Minister of Consumer and Corporate Affairs. Could the minister advise the House how high the government considers the cost of living must go before it will realize and admit that its anti-inflationary program is a farce and a mockery?

Mr. Speaker: Order, please.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I noted that in his answer the minister said that the commission makes decisions from day to day. The word he used was "decisions", and decision means finality. Is he in a position to table the decisions made by this commission during the last two weeks?

Mr. Basford: Mr. Speaker, I said the commission does not report to me on a day-to-day basis.

Mr. Diefenbaker: The minister cannot get away with that. He said decisions were being made from time to time. Will he secure from the commission the decisions made in the last two weeks with reference to this matter?

Mr. Basford: Mr. Speaker, I would have to check the record as to what I said. I believe I said the commission does not report to me day by day.

Mr. Diefenbaker: I rise on a question of privilege. The minister cannot misstate or misinterpret what he said. He did say decisions were made. Now he is trying to back away because he does not know anything about the decisions.

Mr. Speaker: Order. The hon. member for Shefford.

[*Translation*]

SHIPBUILDING

APPLICATION OF RECOMMENDATIONS OF CERTAIN UNIONS

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I wish to ask a question to the Minister of Regional Economic Expansion.

Could he tell the House if the government intends to implement the main recommendations of the CNTU and the Federation of Metallurgists, Miners and Chemical Workers about the shipbuilding industry in Canada?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, these recommendations have been made to the committee of the Canadian Transportation Commission. I shall look at the brief and, above all, I shall wait until the Commission's recommendations are known.

[*English*]

ADMINISTRATION OF JUSTICE

UNJUST DETENTION OF NATIVE PEOPLE IN PENAL INSTITUTIONS

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Justice. In view of the recent decision of the Supreme Court of Canada in the Drybones case, can the minister assure the House that no native people are at present being unjustly held in our penal institutions?

Hon. John N. Turner (Minister of Justice): I hope that is the case, Mr. Speaker.

[*Later:*]

Right Hon. J. G. Diefenbaker (Prince Albert): A supplementary question, Mr. Speaker. Since the Drybones case, has the Minister of Justice, his department or the Minister of Indian Affairs and Northern Development studied the Indian Act to ascertain which sections now have no effect by reason of the momentous judgment of the Supreme Court of Canada in its approval of the Bill of Rights?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I would like to point out to the right hon. member that we proposed to withdraw the Indian Act completely on June 25 last.

Mr. Diefenbaker: In withdrawing it, will the sections that are discriminatory be removed?

Mr. Chrétien: There will be no such law; the sections will be removed. There will be a new act, the Indian Lands Act. It will cover—

Mr. Speaker: Order, please.

Mr. Chrétien: —the lands of the Indians, and not—

Mr. Speaker: Order, please.

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a supplementary question to the Minister of Justice. Intrigued, of course, by the answer of the Minister of Indian Affairs and Northern Development, who obviously is not going to listen to anybody, I ask the Minister of Justice whether he will be prepared in the interim, until the day mentioned by the Minister of Indian Affairs and Northern Development comes to pass, to refer the Indian Act and all such legislation relating to the Indian people to the Supreme Court for determination of which sections may be contrary to the Bill of Rights?

Mr. Turner (Ottawa-Carleton): I want to echo what my colleague, the Minister of Indian Affairs and Northern Development, said. Under the policy stated by the government, the Indian Act will no longer be on the statute books. This was a very important decision of the Supreme Court of Canada. If I might say so, it was a very creative, judicial decision establishing the primacy of the Bill of Rights in respect of federal legislation. We are looking very carefully at that judgment. I think it is fair to say, from the majority judgment delivered by Mr. Justice Ritchie, that he was careful to limit the extent of the judgment to the particular section, 94(b) I think it was, of the Indian Act.

Mr. Diefenbaker: That is not quite correct.

Mr. Turner (Ottawa-Carleton): Perhaps the right hon. member and I—

Mr. Speaker: Order, please.

Mr. Ritchie: Mr. Speaker, has the Minister of Justice or anyone in his department have made a survey of this matter to ascertain whether any native people are being unjustly held at the present time, in light of this decision?

Mr. Turner (Ottawa-Carleton): I will certainly take that very important suggestion under consideration.

Mr. Paul Yewchuk (Athabasca): A supplementary question to the Minister of Justice,

Mr. Speaker. In view of the fact that an Indian convicted of a drinking offence can receive a three months' sentence while for the same offence a white man is liable to receive only one month, what is the minister planning to do about this situation?

Mr. Speaker: Order, please.

[*Later:*]

PROSECUTIONS FOR SEDITION BY FEDERAL ATTORNEY GENERAL

Hon. John N. Turner (Minister of Justice): Mr. Speaker, on November 27 during an exchange with the right hon. member for Prince Albert I stated that a search of the records of the Department of Justice disclosed that at no time since Confederation had a prosecution for sedition been undertaken by the federal Attorney General. I regret to say that it has now been brought to my attention by a very senior member of the bar that this statement was based upon what turned out to be a faulty search of the records of the Department of Justice.

Mr. Diefenbaker: That was the point I made.

Mr. Turner (Ottawa-Carleton): A file has been found indicating that in 1919, arising out of the general strike in Winnipeg, one Robert B. Russell and several other individuals were prosecuted for seditious conspiracy by counsel retained by the then Acting Minister of Justice, the Right Hon. Arthur Meighen. The error contained in what I said on November 27—

Mr. Speaker: Order, please. I wonder whether the minister is now answering a question, making a statement or speaking on a question of privilege. I think he should make the answer as short as possible.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, because of the very important exchange I had with the right hon. member, I wanted to do him justice and apologize to him in the House for inadvertently misstating the record. This is the first opportunity I have had during the question period to set the record straight. The error contained in what I said does not, however, change the basic point I was trying to establish, namely, that the prime responsibility for enforcing prosecutions for sedition under the Criminal Code is provincial.

Inquiries of the Ministry

THE CANADIAN ECONOMY

WARNING BY BANK PRESIDENTS OF INSTABILITY IN 1970

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Minister of Finance. Has the minister taken under careful advisement the warnings of the presidents of two of Canada's leading banks that the economy is showing some very disquieting signs of instability and slowdown in the early 1970's?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I have simply read the same newspaper reports as my hon. friend regarding what the heads of two chartered banks have said.

Mr. Lambert (Edmonton West): A supplementary question, Mr. Speaker. If this matter is under careful advisement, what changes does the government envisage in its monetary and fiscal policies in the event that there is such a slowdown in the early 1970s?

Mr. Speaker: Order, please. I suggest that if the minister feels this information should be given to the House it should be presented in a statement on motions.

HARBOURS

REQUEST FOR STATEMENT ON SMALL VESSEL REGULATIONS

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, the Minister of Transport always looks so comfortable in his seat that I hesitate to disturb him with a question. However, I feel compelled to ask him to inform the House whether we are now any closer to having a statement of new policy with respect to small vessel harbour administration on the Pacific coast than we were when I asked him the question several weeks ago?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, we are several weeks closer.

Some hon. Members: Oh, oh!

[*Later:*]

Mr. Barnett: As a supplementary question, Mr. Speaker, I would ask the minister to be somewhat more explicit and tell us how much closer we are?

Mr. Speaker: Order, please.

TRANSPORT

RAILWAY ORDER RESPECTING FROST DAMAGE TO FLOWERS

Hon. Donald C. Jamieson (Minister of Transport): While I am out of my comfortable seat, Mr. Speaker, may I have Your Honour's indulgence to reply to two questions asked recently by hon. members.

The first question was from the right hon. member for Prince Albert who a few days ago was worrying about flower power. I am happy to advise him and others who have requested the information that the owners' risk provision on flower shipments will be lifted as of December 15. The necessary arrangements have been made.

Some hon. Members: Hear, hear.

POSTPONEMENT OF INCREASE IN POTASH FREIGHT RATE

Hon. Donald C. Jamieson (Minister of Transport): The answer to the other question, Mr. Speaker, is that the Canadian Transport Commission has advised that the railways are prepared to accede to the request of the Premier of Saskatchewan for a postponement of the effective date for the 6 per cent increase in the freight rate on potash shipped to Vancouver.

BABY CHICKS—REGULATION RESPECTING OWNERSHIP RISK

Mr. R. E. McKinley (Huron): Mr. Speaker, I direct my question to the Minister of Transport. It relates to the ownership risk provisions. Is it planned that they will also be lifted on the shipment of day-old baby chicks?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I have been involved with flowers to date. I will now take on my hon. friend's chicks.

Some hon. Members: Oh, oh!

[*Translation*]

HEALTH INSURANCE

PAYMENT BY QUEBEC RESIDENTS OF ONTARIO PREMIUMS

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. Is he aware that federal employees, residing in Quebec, must contribute to the Ontario health insurance plan?

Inquiries of the Ministry

Mr. Speaker: I think this question could be put on the order paper. If it is urgent, it might be discussed at the time of adjournment.

[*English*]

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS—SAFETY OF TRAVELLERS

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I have a question for the Minister of Transport. In view of the breakdown of negotiations between the federal government and the air traffic controllers, will the minister assure the House that adequate contingency plans have been made to ensure that the safety of people travelling by air will not be jeopardized, perhaps through the inexperience of those taking the places of the air traffic controllers?

Hon. Donald C. Jamieson (Minister of Transport): I can give an unqualified assurance that such is the case, Mr. Speaker.

Mr. Horner: Did the Minister of Transport not assure the Public Service Staff Relations Board on July 29, 1969, that in the event of a strike movement by air would cease?

Mr. Speaker: Order, please. The hon. member's supplementary question is argumentative.

Mr. Horner: May I rephrase it, Mr. Speaker? I certainly did not intend to be argumentative.

Some hon. Members: Oh, Oh!

Mr. Horner: I was only seeking clarification of the statement the minister made on July 29. Did he not state that in the event of a strike air traffic would cease? I am asking for clarification, not for an argument.

Mr. Jamieson: With the greatest respect, I have to say that the question is hypothetical. There is no strike. I re-emphasize that in no circumstances will we in any way compromise public safety. I am sincerely hopeful that the necessity to make this kind of decision will not arise because a strike will not take place.

Mr. J. M. Forrestall (Dartmouth-Halifax East): May I ask whether the contingency plans involve the staffing of both air traffic control centres and local air traffic positions with supervisory personnel?

Mr. Jamieson: The details will depend on the circumstances. I repeat that we shall take whatever steps are necessary to protect the public interest and public safety. As for the specific measures used, they will to a large measure depend upon the outcome of the negotiations and the situation which prevails thereafter.

Mr. Forrestall: Can the minister assure the flying public that these very vital posts will not be filled by supervisory personnel?

Mr. Jamieson: I cannot give that kind of assurance. I can only say they will be filled, if they are filled at all, by people who will protect the public safety.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I have a supplementary for the Minister of National Defence. Can the minister assure us that in the event of a strike by the air controllers, personnel of the Armed Forces will not be used as a strike-breaking tactic?

Hon. Léo Cadieux (Minister of National Defence): If the question refers to a statement allegedly made by the Minister of Transport, I am informed he did not say that.

AIRPORTS

TORONTO—LACK OF REPRESENTATION AT MEETING ON PROPOSED SITE

Mr. Andrew Brewin (Greenwood): My question is to the Minister of Transport, Mr. Speaker. Will the minister make a statement on motions telling us why his department, although invited, was not represented at an important meeting called by provincial and municipal authorities to discuss the location of a second airport site in the neighbourhood of Toronto?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I shall be glad to make a statement on motions within a few days, not specifically on the question referred to by the hon. member but on the whole question of our involvement with the proposed airport for Toronto and southern Ontario.

Mr. Brewin: Would the minister deal with this question, too, and tell us whether he is prepared to accept the proposal made at the meeting to which I have referred concerning the setting up of a technical committee representing all three levels of government, including the municipal authorities, to look into this question?

Mr. Jamieson: I do not doubt the accuracy of the representations made by the hon.

member, but I would prefer to await a formal proposal from those concerned. When I look at it, if it is within our responsibilities I shall certainly be pleased to comply.

TAXATION

WHITE PAPER ON REFORM—PREPARATION OF SLIDES

Mr. Eldon M. Woolliams (Calgary North): I should like to direct a question to the Minister of Finance. It arises from the statement he made in the House earlier today regarding the government's tax reform proposals. Who selected from the white paper the recommendations which were to be put on slides? Was it the minister himself or was it someone else? Who did the drafting and preparing of those slides?

Hon. E. J. Benson (Minister of Finance): The slides were intended for use in connection with my exposition of the white paper. They were prepared by the National Film Board by officials who were sworn to secrecy, and they were supplied to my department.

Mr. Woolliams: Can the minister tell us who did the selecting? Who picked from the white paper certain recommendations to be illustrated by slides and accompanied by this fine writing?

Mr. Benson: I must accept responsibility for the selection. They are most informative slides, and they are not slanted in any way.

Mr. Woolliams: Mr. Speaker, may I ask one more supplementary question?

Mr. Speaker: I will allow one further supplementary, but I have to remind hon. members that the time allotted to the question period is running out. I ask for the co-operation of all hon. members in asking supplementary questions.

Mr. Woolliams: Thank you, Mr. Speaker. Can the minister tell us how much it cost the Canadian taxpayers to put out these slides, prepare them, and make the selection from the white paper?

Mr. Speaker: Order, please. The hon. member is now asking for the type of information which would normally be given in answer to a written question.

Mr. Woolliams: I realize that, Mr. Speaker, but this issue was raised in the House earlier today and it affects the taxpayers directly. I am prepared to debate it at ten o'clock. It occurs to me, though, that the minister probably has a figure of so many million dollars on the tip of his tongue and he could tell the taxpayers what it cost.

Mr. Speaker: Order, please.

Mr. Woolliams: Ten o'clock, Mr. Speaker.

Mr. Benson: I am glad to give the information, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Skeena.

INDIAN AFFAIRS

DEATH OF CHILDREN ON STURGEON LAKE RESERVE—REQUEST FOR COMMITTEE INVESTIGATION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to address a question to the Acting Prime Minister or to the leader of the House, whoever may wish to reply. Are they aware that today the RCMP is conducting an investigation into the death of two native Indian children, one aged eight months and the other aged eighteen months, who were found frozen to death in an unheated building on the Sturgeon Lake Reserve 200 to 300 miles northwest of Edmonton? If they are, would they consider withdrawing their objection to the motion proposed by the hon. member for Brandon-Souris in order that a parliamentary committee might make an inquiry into the broader aspects involved in a situation of this kind?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, I am sure all members of the House share the feeling of grief at the death of these children.

An hon. Member: "Shame" would be a better word.

Mr. Sharp: I might even say "shame", that a thing like this could happen in Canada. The government would welcome as much information as possible about the circumstances. The question of the motion is quite a different matter; it is very broad in scope and goes far beyond this occurrence.

Mr. Howard (Skeena): Would the Acting Prime Minister or the leader of the House be prepared to authorize the committee to make such inquiries? I have no doubt there would be unanimous consent to accepting a motion on those lines if it were put forward either later today or tomorrow.

Inquiries of the Ministry

Mr. Sharp: As the leader of the government today I should like to read the police report before giving an answer. The government would not want in any way to hamper any inquiries into this terrible tragedy.

HAY LAKES RESERVE—INFECTIOUS HEPATITIS EPIDEMIC

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of National Health and Welfare. Would the minister inform the House of the steps his department has taken to stamp out the epidemic of infectious hepatitis which has broken out on the Hay Lakes Indian Reserve?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I am not aware, personally, of this particular epidemic. I shall have to check with the officials of my department to find out what action has been taken, and I shall be pleased to get in touch with the hon. member.

Mr. Paul Yewchuk (Athabasca): Is the minister aware that he would have that information on hand if there were a flying doctor service in the north?

LABOUR CONDITIONS

REGIONALLY DIFFERENTIATED MINIMUM WAGE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I wish to direct my question to the Minister of Labour. In view of the recent statement by the Canadian Manufacturers' Association, is the minister considering the feasibility of a regionally differentiated federal minimum wage? I think I know what the minister's reply will be, but there are many people across the country interested in the matter who would like to have it on the record.

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I do not particularly endorse the idea of regional disparity. I think we should all strive for parity and equality right across the country.

[*Later:*]

Mr. Muir (Cape Breton-The Sydneys): A supplementary question, Mr. Speaker. I ask the Minister of Labour whether he would at the first opportunity make it known to the Canadian Manufacturers' Association that neither he nor the government believe in a differential in the minimum wage for different regions of Canada?

Mr. Mackasey: Mr. Speaker, I can assure the hon. member that the Canadian Manufacturers' Association and the Minister of Labour exchange viewpoints, sometimes similar, sometimes at variance at various times during the year.

DISCRIMINATION AGAINST WOMEN IN RESPECT OF EMPLOYMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a supplementary question for the minister. In view of the minister's interest in equality, and in light of a statement made by Miss Sylvia Gelber that women graduates are being denied the opportunity of competing, even on their own university campuses, for two-thirds of the jobs for which graduates are recruited, is the minister or his department co-operating with provincial human rights commissions in investigating this rank discrimination? If so, would the minister be prepared to make a statement in this regard as soon as possible?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, the hon. member for Hamilton West, with his usual courtesy, gave me prior notice of his question. He may have forgotten to mention that Miss Gelber is head of the women's branch of the Department of Labour and has been concerned with this problem, in conjunction with her provincial counterparts, for some time. I instructed her, in my capacity as Minister of Labour, to make a complete survey of existing legislation, which I think is imperfect, relating to this matter. Based on her report and recommendations, we hope we will be able to produce more suitable legislation to eliminate discrimination against women in the work force of Canada.

Mr. Alexander: I have a further supplementary question.

Mr. Speaker: Order. I did invite hon. members a moment ago to limit their supplementaries, but perhaps I might allow the hon. member for Hamilton West a further supplementary.

Mr. Alexander: Thank you, Mr. Speaker. I was very pleased to receive the reply of the minister, but I am wondering whether he could give the House any indication of when we could expect either a white paper on this matter or the proposed legislation?

Mr. Mackasey: Mr. Speaker, I do not think a white paper would be necessary. Certainly I would not put it on slides. What I should like to do is put the amendments on the Order Paper as soon as possible. However, this again will depend on the speed and dispatch with which we clean up legislation already on the Order Paper.

POLLUTION

DUMPING OF OIL AND OTHER WASTE IN GREAT LAKES

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Transport relating to the greatly increasing concern over continued dumping of oil and other waste from ships in the Great Lakes, in contravention of the Fisheries Act. What efforts has the government made to increase surveillance so that a greater proportion of major offenders are promptly prosecuted?

Mr. Speaker: Order. I would think this question should be placed on the order paper.

Mr. Nesbitt: Mr. Speaker, with great respect, may I draw Your Honour's attention to the fact that before very long the shipping season on the Great Lakes will be completely closed, and complaints that oil is being dumped into the lakes are constantly being made. I should have thought that the minister would have a reply.

TRANSPORT AND COMMUNICATIONS

REFERENCE TO STANDING COMMITTEE OF CNR FINANCIAL STRUCTURE AND PENSION FUND

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I have a question for the President of the Privy Council. In view of the discussions that have taken place in relation to the business coming before the House today, would the minister be prepared to move a motion forthwith giving the Standing Committee on Transport and Communications terms of reference to study the financial structure of Canadian National Railways and the CNR pension fund, with provision for calling witnesses as determined by the committee?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I wish to confirm there have been discussions with hon. members. I would be prepared to make such a motion on the understanding that the bill would be disposed of today. I gather that there are several speakers in two of the groups opposite who wish to participate in the debate on the bill. If the House is prepared to give consent to revert to motions, on that understanding I would move:

That the question of the financial structure of the Canadian National Railways and Canadian National Railways pension fund be referred to the Standing Committee on Transport and Communications.

Mr. Speaker: Hon. members have heard the motion put by the President of the Privy Council. Is it agreed?

Some hon. Members: Agreed.

Motion agreed to.

CANADIAN BROADCASTING CORPORATION

GOVERNMENT TELEVISION ADVERTISEMENT

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I wish to ask a question about a government advertisement carried by the Canadian Broadcasting Corporation television service. This advertisement shows the figure of a man beating a drum and blowing his own horn, so I will direct my question to the Minister of Labour. I would ask the minister whether this advertisement is directed to the individual when it states: "It is your right"?

Mr. Speaker: Order, please.

Mr. MacInnis: Mr. Speaker, since the minister does not care to answer, may I ask the Minister of Consumer and Corporate Affairs a supplementary question? Would the minister check into the truth of this government advertisement, since in view of what is happening in Cape Breton it is far from the truth?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I have not seen this advertisement, but if the hon. members wants to send me the text of it, or a copy, I would be glad to look into the matter.

Mr. Horner: Send him a colour slide.

Mr. MacInnis: May I ask the Minister of Labour—

Mr. Speaker: Order, please.

Inquiries of the Ministry

FINANCE

POSSIBILITY OF REDUCING INTEREST RATES TO FARMERS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to address my question to the Minister of Finance. Since it has been government policy to fight inflation by increasing interest rates, which has resulted in a record profit of $157 million for the banks, would the minister consider discussing with the banks the possibility of reducing interest rates to farmers? If this is not acceptable, would the minister consider deferring some of the interest payments that are now due?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I would be glad to consider the proposition put forward by my hon. friend but I should point out to him, since this question was raised the other day, that after deducting the provision for income taxes—we increased the taxes on banks this year by changing the reserves—the after-tax income of the banks will aggregate $244 million in 1969 compared with $252 million in 1968. Expressed as a percentage of total assets—

Mr. Speaker: Order.

Mr. Benson: —after-tax income in 1969 was 0.63 per cent, of assets compared with 0.77 per cent in 1968.

Mr. Speaker: Order, please.

[*Later:*]

Mr. Korchinski: Mr. Speaker, I should like to rise on a point of order. On many occasions I have perhaps been guilty of adding too many words to my questions, but on this occasion the minister skirted around the answer to my question. I believe he had an answer, so perhaps he could be allowed to finish it.

Mr. Benson: Mr. Speaker, if my hon. friend would look at the first part of my answer he would find that I did answer the question.

[*Translation*]

FAMILY ALLOWANCES

TRANSFER OF FEDERAL PLAN TO QUEBEC

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare.

In view of the fact that at the constitutional conference the province of Quebec and the federal government failed to agree on the transfer to Quebec of the administration of family allowances and that this matter has been referred to a committee of officials, could the minister tell us whether or not it is his intention to pass off that responsibility to the province of Quebec, until such time as the committee of officials has ruled on the matter?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the government's intention in this regard has been expressed by the Prime Minister. The federal government has no intention of turning over jurisdiction for family allowances to any province.

BROADCASTING

EFFECT OF CRTC DECISION RESPECTING CABLEVISION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, with your indulgence may I rephrase a question I asked yesterday? I see the Secretary of State in the House so I will direct my question to him. In view of the many protests being made to the Secretary of State concerning the recent decision of the Canadian Radio-Television Commission on microwave broadcasting, will the minister consider making a statement on motions as early as possible?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, we have indeed received representations to this effect and it might be possible to make a statement in this regard.

I, however, wish to point out that while under section 23 of the Broadcasting Act the governor in council has authority to request the CRTC to review the issue, amendment or renewal of broadcasting licences, neither that section nor any other section of the act authorizes the governor in council to request that the CRTC review the rejection of an application for a licence.

[*English*]

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, could the minister tell us whether the cabinet is in fact reviewing sections of the CRTC decision in order that recommendations can be made to that body in the areas mentioned by the minister, and could that be included in his statement?

[*Translation*]

Mr. Pelletier: I am sorry, but I am afraid the member for Annapolis Valley has misunderstood my remarks, since I specifically stated that we are dealing with the rejection of an application for a licence and that the governor in council has no authority to request the CRTC to review the rejection of an application. We will of course look into the decision, which is interesting from many points of view.

OFFICIAL LANGUAGES

APPOINTMENT OF COMMISSIONER

Hon. Martial Asselin (Charlevoix): Mr. Speaker, one month ago I put a question to the Secretary of State. My colleagues also asked the same question, to which the minister answered: Very soon, very soon.

I wanted to know when he expected to appoint the Commissioner of Languages. At federal-provincial conferences it has been said that the program concerning that matter would soon be implemented. We would therefore like to know when that Commissioner will be appointed by the government.

One month ago the minister said: Very soon—

Mr. Speaker: Order, please. The hon. member asked the question. The minister might wish to answer it.

Hon. Gérard Pelletier (Secretary of State): I have no definite answer to offer to the hon. member, Mr. Speaker, but I would like to point out that the implementation of the Official Languages Act does not make of the appointment of the Commissioner a matter of urgency.

What must come first and will come in the near future, I think, is the appointment of the Bilingual Districts Advisory Board.

Mr. Asselin: Mr. Speaker, I have a supplementary question.

Can the minister tell us when the regulations concerning the Official Languages Act will be adopted by the cabinet and proposed to the provinces?

Mr. Pelletier: I am sorry, Mr. Speaker, but I am not sure I understand what the hon. member means by the word "regulations".

Mr. Valade: Mr. Speaker, I rise on a point of order.

On November 12, 1969, in answer to a question from the hon. member for Charlevoix (Mr. Asselin), the Secretary of State said, as recorded in *Hansard,* that he would render a decision "in the near future". As this was a month ago, I think it is important for hon. members to know exactly what a Crown minister means when he says "in the near future". Is it one month, six months or a year? I feel that the Secretary of State should give us this piece of information.

[*English*]

INQUIRY OF THE MINISTRY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have one short question for the Minister of Finance. Is he giving any consideration to preparing a series of slides on the subject of how to live on $30 a week?

Some hon. Members: Oh, oh!

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I was going to prepare a set of slides indicating how the hon. member could ask sensible questions.

Mr. Speaker: Order, please. The Chair recognizes the hon. member for Dartmouth-Halifax East.

REGIONAL ECONOMIC EXPANSION

CLOSING OF FAIREY AVIATION PLANT—INQUIRY AS TO REMEDIAL ACTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, is the Minister of Regional Economic Expansion in a position to answer the two or three serious questions asked in the House on Monday and Tuesday about the closure of Fairey Aviation and the plans of the government to provide immediate alternatives in respect of this very serious problem?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, as the other hon. members and the general public, I have learned that Fairey Aviation has decided to close down its plant; however, there is still hope that the plant might be purchased by an American company and remain open. In fact, there are two parties negotiating at the present time. Unfortunately, I cannot provide details, but the situation is not past hope. On the contrary, I am confident that we shall succeed in finding another business interested in the Fairey Aviation plant.

Inquiries of the Ministry

[*English*]

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is supplementary and I direct it to the Minister of National Defence or possibly to the Minister of Supply and Services. Will the Minister of National Defence use his good offices to provide as much work as possible to Fairey Aviation in the next few months so the company can be made more viable and more attractive to possible purchasers?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I believe it has been the practice of the Department of National Defence to give as much work as possible to local enterprises. Of course we intend to continue doing this.

Mr. Forrestall: I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. I must bring to the attention of hon. members the fact that the question period expired some minutes ago. I felt that because of the circumstances a few additional supplementary questions should be allowed. I would now suggest to hon. members that the hon. member for Dartmouth-Halifax East might be allowed a further supplementary and that we then move on to Orders of the Day.

Mr. Forrestall: Mr. Speaker, I thank you for that indulgence. I direct my question to the Acting Prime Minister. What reply has been made to the telegrams, communications and messages sent to the Prime Minister's office by the Premier of Nova Scotia, the mayor of the city of Dartmouth and the warden of the county regarding this matter.

Mr. Marchand (Langelier): Mr. Speaker, I saw the Premier of Nova Scotia this morning and gave him the answer I gave a few moments ago. That is the type of answer that will be given.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I ask your indulgence in respect of one short, supplementary question?

Mr. Speaker: Order, please. I suggest to the House that we have gone four or five minutes beyond the time allocated for questions. This fact points to the validity of the suggestion I made earlier today that hon. members should try to limit supplementary questions because we rapidly run out of time. I noted a number of hon. members who were anxious to ask questions today. I have tried to identify them in my mind in order that they may be recognized tomorrow.

[Mr. Marchand (Langelier.)]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-140, an Act to amend the Customs Tariff and to make a consequential amendment to the Excise Tax Act, without any amendment;

[*Translation*]

and a message has also been received to inform the House that the names of hon. Senators Pearson and Quart have been added to the list of Senators sitting on the Joint Library of Parliament Committee.

[*English*]

GOVERNMENT ORDERS

CANADIAN NATIONAL RAILWAYS, AIR CANADA

PROVISION FOR CAPITAL EXPENDITURES, GUARANTEEING OF SECURITIES

The House resumed, from Thursday, December 4, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-7, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system and Air Canada for the period from the 1st January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railways Company and certain debentures to be issued by Air Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Peters (p. 1578).

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, last Thursday evening at the time of adjournment I was attempting to illustrate by means of a local anecdote my concern for our national railway system, its equipment, certain facilities and conditions. I was pointing out that its depreciation was due, in part at least, to inadequate financing provisions. Over the past few days there has probably been strong sentiment on the government side that the opposition is being difficult and naughty and is again doing its best to spoil the Christmas holidays. I think all hon. members who

were in the House today and heard the motion of the President of the Privy Council (Mr. Macdonald) realize that the concern expressed by those on this side of the House may be satisfied in part by a referral of this matter to the standing committee. I think this is an important step forward.

Our position before the referral rested, and still does on two crucial points. The first is the miserly treatment of CNR pensioners, and the second is the inappropriate handling of increasing CNR debt. Once we can achieve a firm commitment, which I assume we now have, that this matter will be dealt with in an honourable way at the next session, we can anticipate an historical improvement in the way we handle these matters. We will then be delighted to let this bill go forward so that Liberals and other hon. members can swing off for their vacation at Christmas. Our position, then, is not one of obstruction. I believe it is fair to say that only by this kind of procedure can a number of spokesmen bring the concerns of the country to the attention of Parliament and thereby express the views of the regions they represent. This is the only power we as opposition members have, and we are delighted that our efforts in this respect have borne some fruit.

• (3:50 p.m.)

We have a national railway which was not wanted by the government in the first place but was forced upon it in order to bail out speculators as long ago as 1923. We do not have an integrated national transportation policy because the government does not want it. That is basically the reason we are stuck with a transportation system facing almost insurmountable problems. I should like to return to this matter later.

Earlier I mentioned the miserly treatment accorded retired CNR employees. This matter has been well documented by previous speakers from my party and others; I do not think, therefore, it needs much more elaboration. I might point out, however, that a Crown corporation such as the CNR should be a model for other Canadian employers to emulate, rather than a horrible example of how not to treat men who have served their time and been put out to pasture. The continued reduction of passenger service is also relevant to any discussion of retired employees.

Over the years we have witnessed the gradual abandonment of passenger services by both main railways. Many little towns which were once served by rail lines are no longer served. It has been stated that this is due to the inevitability of progress. All through their working years employees who are now retired were offered the fringe benefit of free railway passes; this was dangled before them as a retirement plan. It was believed that although working conditions and wages were sometimes deplorable, at least in their declining years these men and their families would be able to take advantage of a free railroad pass. What happens if the railway no longer serves the community in which these people live when they retire? What happens when there is no service which a man can use? This reneging on a promise adds to the low morale of not only present workers but retired railroad workers.

The point about financing, which is one of the two points some of us have been emphasizing, I think bears some repetition because it is obvious that if we continue the way we are, we will wreck our national railway system and saddle the people of Canada with a debt which in the long term is unpayable. Surely, by proceeding blindly along the path of national annual foolishness represented by Bill C-7 we saddle the corporation with an impossible burden.

One needs only to glance at the CNR annual report to perceive the dismal picture. At page 40 of the 1968 Annual Report we see there is a long-term total debt of almost $2 billion and an almost equally high shareholder equity debt. The total is about $4 billion. With a picture like this, how could the CNR be expected to do anything but cut the number of employees by 4,600 since 1950? What has been the result of this policy? Insufficient attention has been paid to maintenance; a great number of carmen have been laid off; stations have developed into dilapidated rural slums; there is a great deal of shoddy equipment; there has been an increase in train wrecks because money has not been put into building adequate roadbeds and because track men have been laid off. Another result has been the limited delivery of items important to our national economy, such as grain and potash, to the ports. This has been caused by improper track maintenance as a result of having insufficient capitalization to bring about such improvements.

At least we cannot direct at the CNR the blanket condemnation that we can to the CPR, that fat multi-corporation with interests in hotels and real estate which expropriates and pollutes with apparent impunity while often deliberately downgrading its passenger

services, and then comes whimpering to the CTC for assistance.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but I have made the point before that the bill deals with the financing of the CNR and Air Canada. I think the remarks of the hon. member should be directed to that subject.

Mr. Rose: Thank you, Mr. Speaker; I shall endeavour to respect your ruling. I was attempting to draw a comparison between the progress, in certain directions, of the privately-owned railway compared with the publicly-financed railway, the CNR. I think there are comparisons to be made. I request your indulgence and hope I shall be allowed to make these comparisons, because I shall attempt to relate each one to the other. I think it is fair to say that many of these losses tend to be bookkeeping entries, while the remainder of this many-headed CPR complex rings up handsome profits. Its subsidiaries carry on their merry way, frustrating the renaissance of our urban cores unless they can make a great deal of money out of urban renewal. We cannot blame the CNR, either, for spending more money on boxcar paint than on track maintenance. There is an attempt to refurbish CNR's desolate image by hiring more men to paint boxcars rather than to fix tracks. Heavily-laden grain and potash cars are often subject to wreck and delay because of what I believe to be emphasis in the wrong area.

I do not think we can lay at the feet of the CNR another matter that can be forcefully directed to the CPR. If they are no longer really interested in operating as a transportation company, if they no longer feel they can fulfil the obligation for which they were granted millions of acres of land, we should say to CP, "We have given you millions of acres of Canadian land, and if you want to get out of passenger and telegraph services you should return the land to the Crown."

I do not think we can criticize the CNR, at least not too strongly, for curtailing yet another service in my province of British Columbia. I believe the public is only minimally aware of this. I refer to the recent decision of the CP telegraph system to close over-the-counter service in Vancouver after 8 p.m. commencing February 1, 1970. They did this in Victoria last August. I think it is important that we realize how this came about; it is an interesting story. I believe I should take some time to examine the background because it is very revealing. Briefly, this is the story: because of discussions between the CNR, the CPR and the union, the United Telegraph Workers, the railways made application for the reciprocal abandonment of competing telegraph offices. This was agreed to in a judgment of the Canadian Transport Commission dated February 22, 1967. This seemed to be a sensible move because it avoided wasteful duplication in many small towns.

• (4:00 p.m.)

In the judgment which I have here it is noted that telegraphers would be absorbed by the company which remained after the duplication was eliminated and the agreement concluded, and they would receive full salary and seniority rights. That is all to the good and no one complains about it. However, what is most important is that the judgment quoted the railways' undertaking that "no curtailment of services would result from this rationalization".

According to section 380(13) of the Railway Act, each company—that is, the CNR and the CPR—has the right to abandon any office in any town unilaterally without coming before the CTC. But a joint proposal, if that were offered—or a reciprocal agreement, as in the case that I am now discussing—demanded by section 380(12) of the Railway Act required the companies to apply to the CTC for approval. They did this and as I mentioned earlier, approval was granted on February 22, 1967. Subsequently, eight offices were closed, including CNR offices in Victoria and Vancouver, British Columbia's two most important communities. Therefore, we are back to square 1 again, leaving CPR in the position of unilaterally curtailing a service without complying with the provisions of section 380(13) of the Railway Act. This is exactly what they did, and what they are doing now. After two years they applied to close down various offices at certain times of the day. They were allowed to do it because the reciprocal arrangement was concluded. They once again became separate offices of different companies. This was done unilaterally.

What is the result of closing over-the-counter services at 8 p.m. in Vancouver and Victoria? First of all, 18 men are out of a job. I think the railways are breaking the spirit, if not the letter of the law laid down by the CTC nearly three years ago. In those two cities you cannot wire money after 8 p.m., so if you are travelling in the interior of British Columbia and you need money, or if you wish to wire money to someone, you cannot do so.

If you are in the east, you cannot wire money to Vancouver after 5 p.m. because of the time zone difference.

What concerns some of us is, where will this curtailment—which according to promises would not take place—occur next? I am sure that both companies, which are greatly interested in telex services, have undermined their telegraph services. Large businesses can instal telex systems, but small businesses continue to need the telegraph offices. This is another example of downgrading. I think the railroads were less than frank in their original application two years ago. Perhaps they obtained this favourable judgment under false pretences.

In any event, I have said enough about this matter to indicate why people are cynical about the railways. We should also remember that the railways attained a substantial portion of their financial eminence today as a result of passenger and telegraph services, in which they are no longer very interested. No matter where we put the blame, in principle we in Parliament are certainly to blame if we continue to offer a patchwork, band-aid type of financing solution which will eventually bury the undercapitalization of the CNR and starve it out of existence. An annual interest of $70 million is too high a price to pay in perpetuity if it means that our railroad will be able to just hobble along, pleasing neither the railroaders employed by it nor the general public. But, more important, when we grant subsidies to our national railway, the CNR, and we set the rates for them, we also award these subsidies to the competing line. Therefore, the people of Canada in effect subsidize, through the freight rate structure, the rich and powerful private railroad which appears to need little help from us.

This brings me to the final point of my thesis, that is, that Canada desparately needs a national transportation policy. I believe such a transportation policy should be under the jurisdiction of federal, provincial and municipal authorities. Let me clarify that last sentence because perhaps I did not state my proposition very clearly. Our national transportation policy should embrace federal, provincial and municipal services. I also believe that it should be integrated, and comprehensive enough to include roads, trucking, railways and automobiles; it should include air cargo, passenger service, and perhaps even postal and inland shipping; it should include perhaps the futuristic concept of pipelines through which to convey solids. At present the CNR is contributing research funds for this project. Of course, we will never get this because Liberal and Conservative governments have opted for private enterprise, and they boast about it constantly except when an industry or area the MPs represent badly needs a subsidy because of the lack of planning caused by too much private enterprise and unbridled buccaneerism in the first place.

Let us face facts. Every community cannot have every kind of transportation service; the cost is just too great. We have opted for the automobile. I like them too, but what has been their legacy—vast sums paid for freeways, centres of cities desecrated with foul air from exhausts, and crippled attempts at mass, public transportation by rail or bus. I should like to quote briefly from a speech made on Thursday, November 20, by Mr. Douglas H. Fullerton, speaking before the Ottawa Board of Trade. His speech is entitled, "A Losing Battle: Public Transit Versus the Automobile". In discussing subsidized public transit he said:

> It would be vastly cheaper to subsidize public transit directly than to build new arterial roads or thruways. When will our governments wake up to this fact? Clearly we cannot expect people to switch to buses until the service is much better and more convenient, and the buses more comfortable, and equally clearly this means laying out a lot of money in the transition period to build up the service we need.
>
> What can the Board of Trade do to help solve these problems? Well, one thing is to get your membership to understand that in terms of the downtown area, the automobile is a lethal monster.

There is no end in sight as long as our atmosphere provides a satisfactory sewer system for the lethal by-products of the automobile. So long as we spend billions of dollars to build better highways, we increase urban sprawl because people move farther and farther from the cities. It is like the situation where the dog is chasing its tail. We have only so much money available. We are chronically short of money to clean up the messes caused by lack of planning and lack of foresight in matters of transportation. We duplicate the rail service in Canada with equal inefficiency. Many of us believe that the CNR, especially in British Columbia, should have been selected to transport the Crowsnest coal through my riding to Roberts Bank, but it did not happen.

• (4:10 p.m.)

We now have four railways connected to this federally financed super port. There is

now an application before the CTC asking it to approve the building by a foreign-owned railway of an 80-mile road link from Elk Valley, British Columbia, in order to ship Canadian coal through the United States, thereby avoiding the CNR. Ultimately the coal will be shipped to Japan through the port of Roberts Bank. How would a national transportation policy affect this decision, Mr. Speaker? I think if we had a policy which would discourage an application such as this, it would affect the health of our rail system markedly.

What is this government's option for private transportation, which I have attempted to illustrate, really doing? It is contributing to the costs so markedly that Bill C-7 will look like peanuts compared to the one our successors will have to consider 20 years from now. Therefore, we do not change our ways. In the long run there is no alternative, Mr. Speaker, to a publicly-owned and co-ordinated transportation system where each service is considered in terms of the people it serves, whether it is rail, bus or air. We cannot expect a solution until we begin to think about these things. In the short run, however, we seem to be doing our best to destroy our rail service.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I shall not detain you nor the House long on this important matter. Although brevity in speeches is a fairly subjective concept to our audience we are never as brief as we think we are to ourselves. I am happy to hear the arrangements that have been made in this legislation and I endorse the spirit. I do not think there is any reason why there should have been surprise that this particular measure has provoked a good deal of debate.

Down through the years in this Parliament representatives of the people have been concerned with and have been involved in long discussions about railways. One of my less illustrious political ancestors once said very simply, "Railways are my politics." That was Sir Allan MacNab. It is interesting that today we in Parliament are talking about railways and for a part of the day governments were in the old railway station talking about Canada—I presume; I was not there. It is symbolic, too, that those discussions are being moved farther and farther away from this particular institution.

Clearly railways are still fundamental to the economy of the country, to the politics of the country in the broad and, I suppose at times, even the narrow meaning of the word politics. The debate demonstrated that, and I think it has been an interesting debate. In Prince Edward Island, railways have always been important matters, even before it became a province, and since. Indeed, if we make a confession of history, railways had a lot to do with our becoming a province. We hoped that the Dominion would bail us out but the bailing out job was protracted and incomplete.

I should like to touch on one or two points of our continuing problem and the current question. I was much impressed by one part of the statement made by the hon. member for Fraser Valley (Mr. Rose) in connection with telecommunications. It seems to me that since there was a CN-CP merger the efficiency of telegraph services across this country has diminished.

Some hon. Members: Hear, hear.

Mr. Macquarrie: This is a very, very serious matter. We talk about being in the satellite age and yet we find it so difficult to send a telegram. In the evenings and on week ends the situation amounts to a black-out. I had a letter from a very prominent and public-spirited citizen of Prince Edward Island the other day, who had a distress call from a young man in Kingston on a week end. The young man needed money. When my correspondent went to the telegraph office in Charlottetown he found a note on the door, "Phone Moncton." But if one did phone Moncton with a request to send a money order, the reply would be to come in and send it. Instead he phoned Kingston and was asked, "Who are you?". This was a very serious emergency and he was not able to transmit the funds. So there is a communications black-out in the evenings and on week ends, as the hon. member mentioned. We are a generation behind in this particular field and yet we live in what Marshall McLuhan calls the "electric age".

On the same day that my constituent had the foregoing experience there was a ferry strike, so even had he wanted to go to Moncton he could not have arranged it. This brings me to a discussion of the very important transportation lifeline which connects Prince Edward Island to the mainland. Not too long ago ships were tied up in port for eight hours. People with families, people wanting to keep appointments or those who needed to travel discovered that the CNR service was not, in fact, functioning.

Much of the trouble clearly came from faulty decisions on the part of Canadian National Railways. They seem to have a strange tendency to make our difficult transportation problem there positively acute at times. Eruptions and disruptions occur from time to time. It even seems that they have to create these conditions every so often.

Instead of having the vessel *Confederation* remain at Borden as it always had, someone had the brilliant idea of moving it to Halifax. This imposed unemployment on the men of Borden and diminished the ferry fleet at the onset of winter just as they were in the process of negotiating a new contract. I need not point out what this does to the whole concept of the National Labour Code. It would be interesting if the minister could find out who assumed the authority to make this far-fetched and unnecessary transfer of the ship from Borden, its home port, to Halifax. Was it Canadian National Railways or the Department of Transport?

Whilst I have no need or desire to talk about the Canadian Pacific Railway in this regard since our province never had that corporation, I always find it necessary to invoke the Department of Transport because one is never sure what the role of the CNR as an agent or manager for the Department of Transport is as it relates to our ferries. When there is trouble, confusion follows as we seek explanations. I wonder why the suggestion was made? It looks like foolish economy, if economy at all. It could only be economic if no human beings were involved as workers or as potential travellers.

The crews of the ships in Borden have rendered fine service through the years, and have shown a great deal more sensitivity to the needs of the general public than has the management of the CNR. I can say this without prejudice or partiality since, to a large degree, these men are not constituents of mine. They are very fine workers for the public in this most important and essential service. It is essential for Prince Edward Island which has been troubled and traumatized by transportation difficulties for some 90 years.

It is essential, Mr. Speaker, that we get some sort of guarantee that our links with the mainland will not be subject to administrative stupidity of the type which has so often tied up our ships. The one thing we were solemnly guaranteed was continuous and efficient communication with the mainland. But when one sits in one's car for eight hours looking at an idle boat, it is neither continuous nor efficient but it is terribly frustrating.

• (4:20 p.m.)

This is where the government of Canada has a responsibility. This is why it is proper for me to mention it as the Parliament of Canada seeks to look at a piece of legislation. I have been wondering why there has been a recent rash of efforts toward petty economies, or apparent economies in the ferry service. I wonder whether it is because those of us who, after careful thought and consideration, endeavoured to argue that the ferry service would be so expensive that it was sound economy to build a permanent crossing, were so successful in our advocacy of this point of view that someone suggested to the CNR, "Make no mistake about it; try and make this work as economical as possible regardless of what you do to the service." This could be the reason, or it could be that so many blunders have been made in the service, for instance putting narrow-gauge lines on the new ferry thinking it was destined for Newfoundland, that when it was arranged to go to Prince Edward Island there had to be a costly widening of the rails with a consequent enlargement of the expenditure.

There are many things I would like to discuss, and perhaps they may come up in committee, but the final matter I wish to discuss now concerns the oldest and perhaps the noblest—and I use that word advisedly—railway ferry on this continent, the old boat the *Prince Edward Island,* which I see now is advertised for sale by Canadian National Railways. This was a boat promised by Robert Borden when he was campaigning for election in 1911 in the city of Charlottetown. He said very simply, "If I am elected prime minister of Canada you will have your rail car ferry." He was, and they did. The interesting thing about it is that in the midst of a tremendous world war when every British shipyard must have been working at top capacity that contract, which had been let in 1912 or 1913, was pushed forward. The boat was built in 1915 and sent across the submarine-infested Atlantic in 1917 to honour that commitment and to give to the people of Prince Edward Island that which that very honourable and able man, Sir Robert Borden, told them they would have—a proper adjustment of their transportation claims on Confederation as at that time.

I am pained when I read that this fine ship is up for tender. But we are told that the

wheelhouse is going to be removed. What it means is that the old dowager of all ferries is not going to find its proper place as a great museum of navigation or transportation. It will have its wheelhouse hauled out, and then it will fall to the actioneer's block and the junkman's hammer. The history of transportation across the Northumberland Strait has been one of much suffering, much hardship and a lot of romance. So far as the little province of Prince Edward Island is concerned, it has been the history of the warp and woof of our relations with Canada.

In the first place, I wonder why the CNR is selling this ship, and not Crown Assets. We were always told that the CNR was only the manager and not the owner of these boats. I wonder why, in an age in which we can be so profligate with so many millions of dollars, we do not have the imagination or cannot find the few dollars to turn this ship into a museum of transportation. We could have in it some of the old ice boats, actual or replica, in which people were hauled across by strong men. If you helped with the haul you got over for a dollar, and if you were luxurious enough to sit, you paid $3. It brought struggle, and sometimes tragedy, and a determination to make contact with the outer world. We would have, too, a remembrance of Borden, after whom the town of Borden was so appropriately named. In fact, as well as the museum of transportation it could be a museum of promises fulfilled.

I do not know why the Museum of Science and Technology cannot be satellized. I am sorry that the Postmaster General (Mr. Kierans) is not here to hear me use that word. There is no reason why the whole structure has to be under one roof. It would be a fine thing to have that boat preserved for posterity so that future generations might know something about the struggles of those who preceded them. This remarkable boat is one with which many people are concerned, and I appeal for a reconsideration so that we might do something which would memorialize not only a saga of the sea but the statesmanship of a great man. I cannot believe that this country cannot do a little better than drag a dislocated wheelhouse to Ottawa to memorialize a whole story of struggle, of ingenuity and of suffering.

I finally refer to a railway line, not in Prince Edward Island, but a unique railway line. I am sure it is unlike any other on the continent, or perhaps in the world. I refer to one of the newest railway lines that has been built and that has never been used. We talk about the declining rails and of the end of the iron horse, but in recent years we had constructed in New Brunswick 4.98 miles of railway line heading from Bayfield down to the open sea in the Northumberland Strait, and it is still heading for the open sea, because in those days solemn commitments were being made that a crossing was to be built and that the crossing was to have railway lines.

If those rails could see, they could turn a bit to the east and see millions of dollars worth of approaches for the highway, and they could look across the nine miles of the Northumberland Strait and see there more millions of dollars worth of approaches coming from Prince Edward Island. But alas, the approaches never approach any closer than nine miles one to the other, and so we have another museum of unfulfilled promises and millions of dollars spent on a project which was callously abandoned. So perhaps the government or the CNR might build over in New Brunswick a museum of unfulfilled promises and some of these rails might be put in the largest room. Some might be sent to the Solicitor General (Mr. McIlraith) and some to the Minister of Public Works (Mr. Laing), remembering their part in this construction, or non-construction, and to add a little variety the walls could be lined with the 10,000 scholarships that were never awarded.

With this regrettable, foolish performance of building nearly five miles of railway lines, and now taking them up, is it not difficult to say to people that government and Parliament are really credible institutions? How can you cast aside the arguments of the cynic when such things as this go on?

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I am happy to have an opportunity to say a few words on Bill C-7 which has been referred to as the CNR railway bill. The motion moved and passed earlier to refer the financing of the CNR and the pension problems of CNR employees to a committee has cut a great deal from the remarks that I had intended to make this afternoon. I feel the move will be a good one, Mr. Speaker. The committee will be able to call witnesses and I presume make a more detailed study of this aspect of Canadian National Railways financing than we might be able to do in a short speech in this House.

• (4:30 p.m.)

Every year a similar bill is presented to the House of Commons. The amount of money

requested may vary, but the legislation has the same intent. We are asked to vote public funds to cover the fixed-charge debt. This guarantee was given by the federal government many years ago when the CNR system was formed in 1923 from a number of railway lines which were on the verge of bankruptcy. A similar bill to this is presented to the House each year and we see more public money being voted to honour this old obligation. I believe this bill gives us an opportunity to comment generally on our national transportation system as it relates to the CNR and to other rail systems in Canada. Not only does it relate to rail systems, but it is related to Air Canada and other airline systems in this nation.

One of the keys to the success of any country is a very sound transportation policy which of course results in a sound transportation system. On reading some of the debates over the years, which I have had an opportunity to do in the past few weeks, I have found there has been constant criticism both inside and outside this House of our transportation policy, or perhaps I should say the lack of a sound and proper transportation policy. As far as Canada is concerned, we need only examine the trouble that is caused in various sections of our nation by the system of freight rates which we have. They apply to the whole railway system, including the CNR.

It seems that the whole system of transportation needs a thorough review by the government and members of this House. We are faced with a hodge-podge of regulations, different freight rates and different methods of setting air fares which in some instances show great discrimination against certain parts of Canada. Many of these concepts were set down many years ago when conditions were different. The times have changed, but our transportation policy throughout the length and breadth of Canada has not changed with the times. I believe this is one of the reasons why transportation in Canada generally has been the focus of so much public attention.

I am not going to repeat all the points or arguments presented to this House by other hon. members. It has been stated that we need a thorough review of not only the financing of the CNR and its pension system, but a complete review of our whole transportation system as it applies to every mode of transportation in this nation. I include the railway system and the setting up of a merchant marine, which is another type of transportation that we have almost let go by the board. We should be looking into the airline set-up, the trucking industry and so on down the line.

Year after year the various railway lines complain of the government forcing them into uneconomic positions. We hear talk of trying to abolish much of the passenger service throughout the country. Railways ask for subsidies on various lines because of the limited amount of freight traffic on those lines. We as a nation are in a position to lay down some sound, constructive guidelines as to what should be shipped over our national lines. I, personally, think it is almost criminal to have two national lines running from east to west in Canada. In many areas the services are overlapping. In many instances each line is carrying only a fraction of the traffic which it should be carrying.

On the other hand, we see the national railways subsidizing other forms of transportation to compete with their own railway system. Some of this competition must naturally take place, but this is something that might well be looked into. I am convinced that far more traffic could be funnelled over our national rail lines than the amount of traffic which they presently haul. It would be good for them and for the economic set-up in our nation. I am not going to spend too much time on that matter; I just wanted to make a few general remarks and suggest that the over-all transportation policy for Canada is certainly in need of a complete review.

I now wish to say a few words about the national passenger service which the various rail lines have indicated they would like to abandon. We have seen newspaper reports of the tremendous losses which the Canadian Pacific Railway and Canadian National Railways have acquired by operating passenger services over various sections of their lines. It is very easy in any type of business or organization to build up a good story by taking just one facet of its operation. In this case I am referring to passenger service.

We never hear the other side of the story. We do not hear of the many millions of acres of land that were given to these rail lines at the time of their construction many years ago. We do not hear of the vast return received by some of the railway companies from the exploitation of the resources which are found on their lines. I can give one example. On Vancouver Island, for an expenditure of $3¾ million we turned over in excess of $2 billion worth of natural resources to the E & N Railway which is a subsidiary of the CPR.

The sale of timber, coal and all the other financial returns from this land, are never taken into account when they talk about passenger services between Esquimalt and Nanaimo.

• (4:40 p.m.)

This is one of the areas they want to abandon. I speak out against these proposals for abandonment on the part of the railways. One or two adjustments may be necessary with regard to some of the lines but we should take a careful look at all these requests for abandonment; perhaps they are just another method of attempting to get a further subsidy from the federal government. The fact is, we cannot begin to segregate one small phase of an operation and say it is uneconomic and must therefore be brought to an end. We must look at the whole picture.

There is one other point I should like to make. We know that requests for authority to construct railway lines are frequently made to the Transport Commission. Two companies in British Columbia are currently requesting permission to build spur lines to hook up with the Great Northern Railway system in the United States. The intention is to haul Canadian coal to the Pacific coast via United States railway lines. When we examined the situation we found that the CPR had adequate facilities for doing the job. In my opinion the position of the government and of members of this House generally should be that in cases where it is at all possible, all Canadian resources should be hauled to the ports via an all-Canadian route. There may be the odd instance in which freight rates are so fantastically high that a diversion would be necessary, but the over-all policy should be as I have stated it. If we get away from this principle we are doing damage to the economy of Canada by cutting down the number of jobs available on the locomotives, and so on, which are used in the transportation business. This is why I say that applications whose acceptance would mean the diversion of traffic to United States lines, when our own lines are being used only to partial capacity, should in most cases be turned down.

I should like to say something now about the over-all debt of the CNR. We have all been through the annual report. It is rather distressing. We see that in the fiscal year just ended the CNR made a net income of more than $41 million. At the same time, the interest on the old debt which we guaranteed many years ago amounts to more than $70 million, and the federal treasury must end up paying the difference. We find that the long-term debt of the company amounts to almost $2 billion, a terrific sum of money which includes bonds to the value of $1,132 million. Some hon. members have declared it is time to transfer this debt from the books of the CNR to the federal treasury. I am not sure this is the proper way of dealing with it, but interest repayments of this magnitude are obviously killing the CNR no matter how efficient it may be.

The regrettable thing is that when the CNR was formed over 40 years ago in 1923, the central government took over a whole network of private railways which at that time were on the verge of bankruptcy. The price of the stocks was high, however, and we guaranteed the interest payments on them. This is why we are in the glue today. The situation needs a thorough review and I am glad to see the subject going to the committee.

I understand, Mr. Speaker, that there are two or three other hon. members who would like to speak on the bill before the House rises at six o'clock. I wish to conclude by emphasizing the extent to which a country like Canada, one of the largest in the world, depends upon the existence of a sound and efficient transportation system. I hope members in all parties will give a great deal of thought to the subject within the next few months and that before this Parliament is over we shall see a change in transportation policy as compared with the policy we have followed so far.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in the opening days of this debate on the affairs of the CNR, I spoke at length expressing some of my concern about the whole transportation system in Canada. While I do not wish to repeat myself, I believe some things ought to be emphasized before this debate concludes.

In the course of the Federal-Provincial Conference just ended, three or four of the prairie premiers expressed concern over freight rates. The Prime Minister (Mr. Trudeau) who took the chair at the conference indicated that if they really wanted it done, an investigation or a study could be made of the freight rate question. In retrospect, this whole discussion at the conference would have been unnecessary if this House had given more careful consideration to the transportation bill which, at the time, stressed that competition would become the main factor in

the setting of freight rates. We on this side of the House argued that though the stage might one day be reached in Canada at which competition would be keen enough to influence freight rates, such a stage had not yet been reached. We admitted that progress was being made toward that point, but it had not been reached.

Watching the television reports yesterday of the Federal-Provincial Conference it became evident that our concern, expressed a couple of years ago, had been fully justified. Four western premiers all agreed that transportation costs and freight rates were still far too high; they still felt justified in asking for fairer treatment and more consideration in this respect. Answering a question directed to one part of the transportation problem, namely, the proposals for railway line abandonment, the Minister of Transport (Mr. Jamieson) had this to say as reported at page 642 of *Hansard* for November 7:

> I would be glad to consider that suggestion but I believe the procedures are well established under the act. There is ample opportunity for representations to be made by all parties. In any event, should the decision of the CTC be challenged by any authority, then there is a right to appeal to the Governor in Council.

• (4:50 p.m.)

In other words, what he is saying is that the whole question of freight rates and passenger traffic should be taken to the CTC. In the absence of a satisfactory solution there, appeal may be had to the Governor in Council—in other words, to the minister and his government. The whole problem is that we in this House have shelved our real responsibility. No longer do we thoroughly examine CNR financing or the loan made by CNR to Air Canada. We do not examine those matters in depth. This afternoon we reached agreement that we would refer the financing structure of the CNR to a committee. Although this agreement was not to my liking, since prior arrangements had been made between two of the parties I went along with it. I suggest we in this House of Commons are slowly giving up our rights to examine the actions of government agencies that affect people across the country. People are complaining and are sufficiently agitated about the matter even to demonstrate.

The costing formula laid down by the CTC will greatly affect the financing both of the CNR and the CPR. At page 642 of *Hansard* the Minister of Transport admitted that if anybody did want to challenge a decision by the CTC they could appeal to the Governor in Council. But in this particular case the railway companies did not so appeal. On the other hand, the government did not state their position as to the costing formula. The railroads are going to appeal, not to the Governor in Council but to the Supreme Court of Canada, to the highest court of the land. One could say that it really is taking the matter further and further out of the hands of the people directly concerned. I say that bearing in mind it is very difficult to defend the CNR and CPR costing figures. The people who prepared the figures would find it difficult to develop arguments before the Supreme Court of Canada, to say nothing of the cost of so doing, whether in the form of a provincial government body, a municipal body, a rail line abandonment association, or what have you.

The situation is grave and further consideration should be given to it by the House. I say that in view of concern expressed at the Federal-Provincial Conference by western premiers, and particularly in view of the remarks of the Prime Minister, who in reply to the Premier of Saskatchewan said that while this is not in fact a constitutional matter, it does relate to the whole problem. Certainly we in western Canada have long felt that transportation, the Crowsnest Pass rates and the whole gamut of east-west movement of goods, is part and parcel, as I have said many times, of a moral constitution vis-à-vis western Canada's commitment to a united Canada.

One other matter that I think needs to be emphasized before this bill passes is team spirit. There is no question that any organization that lacks spirit, drive and energy on the part of its employees will undoubtedly lose and continue to lose money. According to recent figures, employment of linemen in the CNR is down to a little over 80,000. A few years ago the figure was 110,000 but it has dropped continually. Applications are at this moment before the CTC to abandon rail lines and to discontinue certain passenger services. If the Commission rules in favour of the abandonment of many railway lines and the discontinuance of a great part of the present passenger services, which still play a very important part in linking Canada together, there is no doubt in my mind that this will mean further reduction of employment in the CNR.

On the question of seniority, one must have well over ten years', nearly 15 years' service, in order to get in any runs. Whether a man be a conductor, an engineer or a brakeman,

he must have a fair amount of seniority to put in travel time during a month. This illustrates quite vividly that railroading, particularly freight hailing, is at a low ebb, certainly in western Canada.

It might well be argued that the railway trucking firms are growing and making money. However, transportation by freight and boxcar is diminishing, and this partly because of the limited movement of potash and grain. As I say, this has brought about lack of spirit and zest, lack of pride in the enterprise, on the part of employees, with consequent loss of revenue. I urge the minister and the CNR to take a fresh look, not at how fast they can discontinue existing services and hope to save money, or at how fast they can put the books in the black by getting out of this sort of service, but at how fast they can put the books in the black by seeking to increase employment in the company. Let them entice more people to use their passenger services, instead of applying to discontinue them and discouraging people from using them.

As I said in opening the debate some weeks ago, it is the responsibility of the CNR and the CPR to create an effective demand for their services if they really want to bring about an esprit de corps among their employees. I must emphasize this because it is paramount in a business that wants to reduce its losses and show a profit, or at least a margin of profit. The railroads, particularly the CNR, have been notoriously lax in this respect. I realize that a few years ago they did make efforts to enlarge their passenger services, which were fairly good between 1962 and 1968.

• (5:00 p.m.)

I can only assume as a result of recent applications to withdraw passenger services immediately that the railways feel the only answer is to get out of business and get out of the red. Perhaps this will mean they will go further into the red. You cannot shut the doors of your shop and hope to stay in business. If you have three doors you cannot hope to shut one and keep only the other two open, because in this way you will discourage people from even looking at your products. People will not consider railway transportation as an answer to their problems if the railways continue their present policy. I should like to urge the railroads, the CPR particularly and the CNR, to take a new approach to this matter. These companies might find such an approach will be more beneficial to their financial needs, particularly in the long run.

[Mr. Horner.]

Mr. John Burton (Regina East): Mr. Speaker, it had not originally been my intention to take part in the debate on the amendment to the motion because I had already spoken on the main motion prior to the introduction of the amendment. However, two matters have arisen since I originally spoke which make it necessary for me to take part in this debate today.

I wish to raise two matters of particular concern to the people of my constituency and to the people of other areas of western Canada. These matters involve railway policy and railway operations, and I feel they require consideration at this time. Last Friday afternoon I had the opportunity of meeting with a group of Wheat Pool committees in sub-district 6 of district 6 of the Saskatchewan Wheat Pool. The meeting was held at Edgeley. There I was presented with six briefs on behalf of the Wheat Pool committee. These briefs were submitted to their Member of Parliament. Most of them are located in my constituency, and two are located in the constituency immediately adjacent to mine.

One vein of thought ran through all these briefs, along with a number of other proposals which I do not intend to deal with today because they do not come within the scope of this debate. I did note that all the briefs presented to me last Friday afternoon indicated signs of concern regarding problems of transportation, particularly railroad transportation. These committees presented some of the problems as they saw them from their own community level. I should like to make reference to these briefs and draw them to Your Honour's attention and, through you, to the attention of the government and the authorities of Canadian National Railways.

These briefs were prepared entirely by the local Wheat Pool committees. They prepared them entirely on their own without outside assistance or coaching. The briefs represent the way they see things from the local community point of view. For example, I have the brief presented by the Winro Wheat Pool committee. This is a very well drawn-up brief which indicates a good deal of thought in respect of those problems presented to me as

a member of this House of Commons. In dealing with problems of transportation this particular Wheat Pool committee said the following:

We also feel there is too much discrepancy in the allocation of box cars. The railways have a monopoly on the movement of grain to the Lakehead and the West Coast have a great deal to say in the final allocation of box cars. We feel that the railways are in no position to know at what elevators and how many cars should be spotted and should have no say in the final allocation.

The fact that when an embargo on the movement of grain was imposed last summer because the line elevators at the Lakehead were congested, the Pool terminals at the Lakehead had 12,500,000 bushels of space and the Pool terminal at Vancouver had 1,500,000 bushels space, seems an indication of poor allocation between companies. We suggest that the final allocation of cars be done by the Wheat Board, if possible.

Many farmers who would prefer to deliver to the Pool where they actually are members are forced to patronize companies not of their choice because their own elevators cannot get their rightful share of cars. We feel this situation contributed largely to the Saskatchewan Wheat Pool's operating loss this year. We believe a workable plan could be devised wherein each producer, when making application for his permit book, would indicate not only the shipping point he wishes to patronize but also the elevator company at that shipping point and that cars and shipping orders be allocated on this basis.

We also contend there is too much discrepancy in the allocation of cars between shipping points. We can see where this is possible toward the end of the year when trying to even up delivery quotas or due to grade preferences in orders. But, at the beginning of the crop year when all things are more or less equal, the discrepancy should not be great.

Here is an example on a 30 mile stretch of the CPR in our area—from McLean, Saskatchewan to Sintaluta, Saskatchewan—with five shipping points, for the period August 1st, 1969 to November 12th, 1969, (just over 1/4 year).

There were 529 permits with 181 cars received. At McLean there were 64 permit book holders and 11 cars were received. At Qu'Appelle there were 126 permits and 25 cars were received. At Winro there were 18 permits and no cars were received. At Indian Head there were 197 permit books and 106 cars were received. At Sintaluta there were 124 permits and 39 cars were received. The brief goes on to state:

We wish to point out that we do not begrudge any point the cars they have received. We wish only to point out the wide variation in distribution in an area with pretty much the same grades and grains. We also realize there would be some difference due to malting barley and flax shipments. But the differences should not be so great.

The railway admittedly does not like to spot cars at single elevator points like Winro. However, as they have a monopoly on moving the grain we believe they must be obliged to spot cars at these points whether it is a paying proposition or not. We contend that it is largely because of this type of discrimination that this point has been reduced from around 40 permits and a 200,000 plus handling to 18 permits this year and a 70,000 handling last year.

Those were some of the comments by this one Wheat Pool committee. This brief sets out the situation very well. Comments of less length were made by some of the other Wheat Pool committees in their presentations to myself. For instance, the Qu'Appelle committee stated as follows:

We will require cars to finish off the present quotas as quickly as possible if we are to be able to get a one bushel quota this winter.

Since coming under the new block shipping system on November 6, I have received 7 cars and will get another 2 cars next week for 2 wheat.

The Indian Head Wheat Pool committee also had some very pertinent comments. It stated in its brief in respect of boxcar distribution:

During the 1968-69 crop year the Pool loaded 94 cars against 260 for all the line elevators at Indian Head. Gross receipts at the same time were 187,380 bushels for the pool and 522,000 bushels for the line elevators. Although our cars loaded against receipts showed up as equal, that is loading 2,000 bushels average in each car, our percentage of cars to orders were down badly. The CPR at this point always maintain they distributed cars according to the percentage of orders on hand. This is not so and is a controlling factor in our elevator receipts at this point.

For example, it indicates that for August, 1968 the Pool had seven orders and received two cars. The line elevator companies had eleven orders and received six cars. In September the Pool had nine orders and received five cars. The line elevators had 14 orders and received 14 cars. In November the Pool had twelve orders and received four cars. At the same time the line elevator companies had 25 orders and received 22 cars. In February of 1969 the Pool had 16 orders and received four cars while the line elevator companies had 12 orders and received nine cars. In March of 1969 the Pool had 19 orders and received seven cars while the line elevator companies had 28 orders and received 24 cars. The brief continues:

• (5:10 p.m.)

The balance of months were quite fair but our receipts could have been increased considerably if we had received the percentage of cars to orders. The Indian Head committee have complained numerous times over many years re the distribution of boxcars and the following resolution was passed at our annual meeting this year.

"That all permit holders be given the privilege through a ballot to designate the elevator of their choice for their deliveries, this ballot to be taken

annually and the Canadian Wheat Board allocate boxcars in accordance with the results of the ballot."

In addition the McLean Wheat Pool committee also made special reference to the question of boxcar supply. They stated as follows:

The Pool operates the only elevator at this point which eliminates inequity of car distribution here. However, being aware of this problem at most points throughout the province we support the resolution passed by our delegates at their annual meeting in Regina last month.

"That the Wheat Board institute a system whereby the farmer designates his choice of elevator by a declaration, and shipping orders be allotted accordingly."

The Edgeley Wheat Pool committee also made reference to the shift in boxcar loadings at their points over the past four crop years. They noted that in 1965-66, 237 cars were loaded at their points; in 1966-67, 201 cars were loaded; in 1967-68, 107 cars were loaded and in 1968-69, 113 cars were loaded.

Finally, the Avonhurst Wheat Pool committee also gave detailed figures of grain movements out of their point. They noted that a total of 86,340 bushels of grain were shipped and that a handling of 86,500 bushels was established at that point in the current crop year. The total number of cars at the point of Avonhurst during the past crop year was 102. The Pool received only 45, giving the opposition a total of 57 cars. I also have information that at this point there are 77 permit holders and that approximately 45 of those permit holders delivered grain generally to the Pool. During the past crop year there were roughly 86,000 bushels for the Pool and somewhere between 95,000 and 100,000 bushels for the line elevator. All this seems to point up a very serious situation which must be taken into account in the future.

It has been noted that the block system is expected to bring about some improvement in the situation. I think this probably will result in some improvement in the situation, but it seems to me some problems will still remain because the allocation of cars to the various elevator companies will be based on a formula using the average in the last three crop years. It would seem that due to the declining market situation which has existed during the past three crop years, it will be difficult to obtain equitable and fair distribution of boxcars based on the wishes of the grain producers themselves. It seems to me this would also give both the railway and elevator companies the opportunity to consolidate their boxcars at a local point without due consideration to the needs of the farm people.

Another example I received a few weeks ago is an indication that one railway line gave a preference in cars to one point which had a great many more cars than other points with the same number of permit holders. The railway is attempting to carry out the rationalization of their service by having a smaller number of points and hauling greater distances. Also, this will enable the elevator companies, in the manner in which the new block system will operate, to carry out their own consolidation. I do not think anyone will argue that some consolidation will not take place, but this gives the elevator companies the power to carry out a rationalization of their operations without any reference to the needs of the farmers and without many of the farm organizations being consulted or having any role to play in carrying out this reorganization of operations.

I indicated that another matter had come to my attention. I think it requires some attention by the government. I received in the mail this morning a copy of an application that has been filed by Canadian National Railways with the Railway Transport Committee of the Canadian Transport Commission asking for authority, and making a preliminary proposal, to establish a master agency for a large part of Saskatchewan, located in Saskatoon. First of all, I should like to compliment the CNR, as I have previously, for making available this information immediately and for indicating quite specifically what it plans to do. It has made this information available to a large group of interested and potentially interested people. I must say at the outset that I do see some potential for improved railway service in the master agency plan as it has been developed and in fact as it has been used in some locations. It is indicated in their application that the CNR has in mind that the total implementation will be carried out progressively over the next two years.

While I indicated that this plan may have a potential for improved service, on the question of improved service the railway might note in answer to any comments I might make in this regard that, after all, they do not receive too many complaints. I think it must be noted by all concerned that there has been and is an attitude on the part of the public, a sort of a shrugging of the shoulders, in which they seem to say, "What is the use?" They give up in their attempt to get the

railway to provide better service and overcome inadequacies. I realize that this comment may not be fair in some cases, but I think it must be noted that this attitude exists and must be taken into account by the proper authorities.

As I look at the application which has been filed by Canadian National Railways, to which I have referred, I notice there are a number of points which should be noted and about which many people will be concerned. First of all, it is noted that Saskatoon will become the master agency centre for all line points on a number of stated Saskatchewan area subdivisions. These include a number of points which are located in my constituency. These are sizeable communities such as Kelliher, Lestock and Punnichy, all of which have given the railway a good amount of patronage.

In addition to that, I note also that the Edmonton master agency will be extended to include the Wainwright, Dodsland, Porter and Bodo subdivisions. When we look at the points that are included in these subdivisions, we note that Dodsland includes Loverna and that the Porter subdivision includes Battleford and I believe a number of other points in Saskatchewan. These points in Saskatchewan are to be served by the Edmonton master agency.

I imagine such an organizational structure has been proposed because the operating sections of the railway are located in Edmonton for these particular stretches of railway line. But these points are in Saskatchewan. Most of them are more closely adjacent to Saskatoon and other Saskatchewan centres than to Edmonton. It seems to me that customer services provided to these centres and points, many of which are located in the constituency of my colleague the hon. member for Battleford-Kindersley (Mr. Thomson), should be provided into Saskatchewan and out of Saskatchewan points rather than from the city of Edmonton. This seems to be one of the faulty approaches that may be of concern to many people.

• (5:20 p.m.)

I also note that it is proposed to ask for authority to remove the station buildings from a large number of locations, including a number of locations along the CNR line with which I am familiar, such as Goodeve, Hubbard; then Kelliher, Lestock and Punnichy which are in my constituency and, farther on, the points of Quinton, Semans, Nokomis, Venn, Young, Zelma, Bradwell and Clavet as far as the city of Saskatoon and other points on the CNR line. Many of these are communities with anywhere from 500 to 1,000 people living in the urban centres and a much larger population living in the surrounding rural areas who use the particular centres as their shopping district. It seems to me that to remove the station buildings from these locations is a very questionable procedure which indicates that the railway does not any longer—intend to provide an adequate service to these points.

With respect to the Saskatchewan area subdivision, it is proposed that three mobile customer service supervisory positions be established to maintain personal contact at the line points where agents have been removed. I have no doubt that competent people will be obtained who can handle public relations and the business aspects of the operation in a very satisfactory manner. But I ask: Is it possible for three customer service supervisors to service the entire area under this master agency plan? I submit it is simply not possible to do so.

In saying this I wish to acknowledge that the role of the station agent of the past has changed. With the introduction of centralized traffic control there is no longer the same need for the telegraph operator function as it has been carried out in the past by many station agents. Thus, their duties are more restricted. Some reorganization can be justified and would probably be useful, but I question whether simply having these three supervisors will be adequate to serve the needs of the people along these railway lines if it is the intention to maintain an adequate level of service.

I suggest that the contacts with the local community of a number of people who are in fact working for the railway, who have a responsibility to the railway at a number of points along these lines, should be examined very closely because if they are not satisfactory they will only further weaken the railway service as we hope to see it in the future.

Of course there are alternatives. The railway company suggests that it will establish, on a seven-day per week basis, a 24 hours a day free telephone system for Saskatoon for all carload, express, passenger and telecommunications requirements. That sounds very good, and as a matter of fact it does hold some potential for improvement of service. I cannot say that I know of any examples on the CNR system wherever they have established a master agency plan such

as at Edmonton, but I have known examples on the CPR system where people have dialed the Zenith number and have not been able to obtain an answer or have had to wait an inordinately long time to obtain an answer to their call. Personal contact is removed, and while some attempt will be made through the customer service supervisors to maintain a level of personal contact, I suggest that on the basis established by the railway they will not be able to provide an adequate level of service.

I have not had an opportunity to study in detail or at length the full plan of operations for the Saskatoon master agency as it was attached to their application, but I know that they are suggesting that express services be handled in large part through their trucking operations which of course take advantage of new developments in technology and services. I also note that it is planned to have on hand representatives in many of the places which have been served by railway agents working on a full-time basis in the past. I suggest that in many cases this will not be adequate. I note, for example, that in a number of instances there are already on hand representatives at various local points, people who are operating a local store. In some cases this may be the only outlet and the only person available to provide this type of service and to act as a local representative, but when there are a number of businesses in a locality, certainly if there is another store in the community, I imagine they would not want to go to their competitor in order to pick up their express deliveries, so that certainly an independant representative or agent should be located at some point. Thus, it seems to me that more attention must be paid to the provision of an adequate level of local services in these communities and centres where it is proposed to withdraw the station agent who has been there for many years.

With respect to the matter of service, I also note that claims and tracing will be handled through Saskatoon via the Zenith telephone system. Again, it seems to me that this would be inadequate. I have had some experience of this system because I worked in the railway freight operation for several years. I know that many customers of the railway who receive merchandise and goods and who have a claim, want to have it looked after right away and want the service to be provided immediately or very soon. There are very good and valid reasons for wanting the service to be provided immediately. If all claims and tracings are to be handled through Saskatoon, it seems to me, the service provided will be rather inadequate. I could go on to a number of other aspects of the operation as it is proposed under the new master agency plan. As I indicated, I think there is some potential for improved service in the new plan if it is implemented properly and if it is put into effect adequately. But it seems to me that for many centres in the province which are at some distance from the larger, more central, locations, more attention needs to be paid to ensuring the provision of an adequate level of local community service. As I indicated, it was only because of these two developments which came to my attention since the beginning of the debate on the main motion that I decided I should also speak at this time in the debate.

In conclusion, I noted earlier in the day during the question period that the Minister of Consumer and Corporate Affairs (Mr. Basford) complained that he was not able to get some of his business before the House because six or seven days had been used in debating this bill on CNR financing. Of course, as usual, the minister had his facts wrong. This is becoming rather habitual with the minister in terms of the whole operation of his department. Up to that time the bill had been debated for only four days. Certainly it is an extended debate and a rather longer-than-expected debate for some members on the other side of the House. I think it has been shown that there are legitimate areas of concern which require debate.

• (5:30 p.m.)

Mr. Speaker, I suggest that this debate has been worth while in view of the motion which was agreed to earlier today to have the subjects of Canadian National Railways' financial structure and the CNR pension fund referred to the transportation committee for further study. So far as I am concerned, it means that this debate has served a very useful purpose and will in future years be of great value to the people of Canada. I hope that the Minister of Consumer and Corporate Affairs as well as other members will recognize this fact as we proceed with the business of the House.

Mr. Gray: Mr. Speaker, I am rising on a point of order. I understand there have been consultations amongst the parties of the House and as a result there has been unanimous agreement that the motion for second reading of the bill be changed to provide that after second reading the bill would go

immediately to Committee of the Whole rather than a standing committee. Then after consideration by Committee of the Whole, the bill would be given third reading immediately thereafter so that it would go through all stages today before six o'clock. If my understanding of the arrangements are correct, I would ask the House for agreement to such an order.

The Acting Speaker (Mr. Béchard): Is it agreed?

Some hon. Members: Agreed.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like permission of the House to withdraw the amendment which I moved several days ago. I do so because of the arrangements that have been made in which the government has agreed to send the problem of the financing of the debt of Canadian National Railways committee for the explicit purpose of doing something about the debt. There will also be consideration of the Canadian National pension fund, a very contentious matter. For these reasons I am prepared to withdraw my motion. I would caution the government, however, that this refinancing occurs every year, and if there is not co-operation in order to get rid of the debt structure and to restructure Canadian National Railways along the lines of normal business procedure, it can count on this being a very serious problem at a later date. With the consent of the seconder, I therefore ask for unanimous consent, Mr. Speaker, to withdraw the amendment.

The Acting Speaker (Mr. Béchard): Does the House give unanimous consent to the hon. member to withdraw his amendment?

Some hon. Members: Agreed.

Amendment (Mr. Peters) withdrawn.

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

On clause 2—*Definitions.*

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, as the Minister without Portfolio indicated a moment ago, there is an understanding that in view of the motion made by the government House leader earlier today there is no reason why this bill cannot go through all its remaining stages before six o'clock, so I shall take only a minute or two. Earlier today I wanted to ask a question of the Minister of Transport but time ran out in the oral question period. I see he is back, looking as comfortable as ever, so perhaps I may put my question to him now.

Although this is a finance bill, a good deal has been said during the debate about the cut-back on services proposed by Canadian National Railways. I wonder if the Minister of Transport would consider using his good offices to ask Canadian National Railways to desist from pressing its application to discontinue trains Nos. 5 and 6, the "Panorama", between Winnipeg and Vancouver. I am not now asking him to go to the Canadian Transport Commission to make representations but, after all, he is the minister who responds to this House for Canadian National Railways. There is a great deal of concern about this proposed action at Winnipeg, Saskatoon, Edmonton and Vancouver and all points in between by both the communities served and the employees of the railway. I wonder if the minister would be prepared to make that kind of personal representation to Canadian National Railways.

Mr. Burton: Mr. Chairman, before the minister replies I wonder if I could add a word to what has been said by the hon. member for Winnipeg North Centre and support the proposal that he has placed before the minister. It seems to me that serious consideration should be given to maintaining the "Panorama" train in operation, or trains 5 and 6 as they are known. Surely the level of business could be increased by ensuring that there is an adequate service to the local communities between Winnipeg, Saskatoon, Edmonton and onwards. During the winter months particularly, when it is more difficult to travel by road and alternate means of transport are not as good, this would be a very useful service and would also be of value to the railways.

Mr. Jamieson: Mr. Chairman, I did not of course anticipate that I would be getting questions in this form and thus have not been able to make any special preparation for reply. I can say, however, that the whole question of the application of the railways is one, as I am sure all hon. members will understand, that has occupied my attention over a considerable period of time and particularly since the announcement of the application.

With regard to the specific requests that have been made today, I fear that the same kind of representation might come from all hon. members whose constituencies will be affected in one way or another by the applications, whatever the decision of the

CTC. These two requests are tantamount to a general request to the railways to cease and desist on virtually all the proposals now placed before the CTC. There are a number of such reasons which ought to commend themselves to hon. members as to why this would not be an appropriate step for me to take.

• (5:40 p.m.)

Mr. Burton: On a point of clarification, as I understand it the applications for discontinuance of passenger service which have received a great deal of publicity must be dealt with by the CTC, but the discontinuance of trains such as the "Panorama" does not require an application to be made to that body; it can be decided by the railway itself. The same would apply to the discontinuance of the rail liner service between Regina, Saskatoon and Prince Albert.

Mr. Jamieson: My hon. friend is correct in his assessment of the situation. I am assuming that the rail liner to which the hon. gentleman refers is in an area where the railways have a degree of freedom or autonomy with regard to the abandonment of service so long as there is a so-called satisfactory service available. But it does not detract from the basic premise of what I am saying, that there are areas throughout the country where the same situation prevails.

It would not be proper for me to make representation to the CNR that it should not alter any existing levels of passenger service. That would be an inappropriate course for me to take. In the first instance, while it may be that I would have some influence with regard to Canadian National Railways, it must be remembered that many of these services are also provided by the CPR, in which case it would be only a matter of moral suasion, and indeed this is so even in the case of the CNR. It is true to say that by long tradition hon. members are agreed that in fairness to managerial decision, and indeed to the best interests of the railway and the country, the minister should not issue an order.

Therefore, while I shall be more than pleased to pass along the representations of individual members, I believe I would be exceeding my authority and responsibility were I to do more than that and attempt to order the CNR to change its plans.

But I think there is something more basic than that involved in the present exercise. It is something that apparently is not widely understood. It is that applications for abandonment are not in themselves an assurance that the lines in question are going to be abandoned. It is purely a matter of seeking now to rationalize the National Transportation Act by putting these applications forward with respect to lines where moneys are being lost. Then the CTC will make the appropriate decision as to whether the public need requires that they be continued and, if that is so, the Canadian government through the appropriate votes will make the necessary subsidies available. So, I repeat that I believe the public interest in these cases, as distinct from the trains to which my hon. friend refers, is taken care of.

In the case where railways have the authority to abandon and they appear to be exercising that authority, may I say that I would be delighted to arrange for members of the House to meet with officials of the CNR to make their representations directly to them, if this appears to hon. members to be a convenient way of doing it; but I would hesitate to go beyond transmitting their representations to the CNR or arranging such a meeting. I understand this is not a wholly satisfactory answer but, as I have said, I doubt very much whether my responsibilities would permit me to go further at this time.

Mr. Knowles (Winnipeg North Centre): I accept the minister's view that it is not his right to order Canadian National Railways to cease and desist, but I do hope he will go a little further than just passing on what he has heard us say today. He referred to moral suasion as only moral suasion. I think in his case it could be pretty effective, and so I urge him to stay this side of an order but to go beyond being merely a post office. If the minister will arrange for a session when we can meet with officials of the CNR, all of us who represent areas that are affected would be happy to attend and to add to the minister's moral suasion.

Mr. Burton: Over the past number of years the railway has made a heavy investment in facilities and services for the potash industry, but some of this has now gone down the drain because some potash companies are transporting their product by highway across the U.S. border to American railway lines. I could spend a considerable time discussing this matter, but since the hour is getting late I wish to ask the minister one question with respect to his announcement this afternoon. The minister stated that the railways have agreed to postpone implementing their

increase in potash freight rates from points in Saskatchewan to the west coast. Is this an indefinite postponement or is it limited to a certain period of time?

Mr. Jamieson: I do not have the details in front of me right at the moment. I understand it is for a period of time. I hope I am correct in this and I hope the hon. member will appreciate that to a degree it is hearsay, so that I will not be held to it if it turns out to be incorrect. My understanding is that the Saskatchewan people who discussed this matter with the railways asked for a deferral in order to re-assess the various effects of such an increase. I believe they asked for a period of grace, and it was this which the railways have granted. I do not know the length of time at the moment, but I will be happy to inquire and let the hon. member know.

Clause agreed to.

Mr. MacLean: Mr. Chairman, may we have a brief explanation of the estimated capital expenditures of $107 million for the 1969 calendar year for road property, and of $4 million for hotels?

Mr. Gray: Mr. Chairman, this is detailed in the capital budget of the CNR that has already been approved by Order in Council and, if I am not mistaken, was made public some months ago. On page 1 of the capital budget for 1969, under the heading "Road Property", we see an amount of $49,938,000 for roadway improvements, $5,785,000 for large terminals, $4,130,000 for yard tracks and sidings, $3,603,000 for buildings, $13,335,000 for signals, $5,965,000 for roadway and shop machinery and $24,689,000 for general expenditures, making a total of $107,700,000 as referred to by my hon. friend.

Under the heading of "Hotels" at page 6 we see expenditures as follows: Hotel Newfoundland $101,400, Hotel Nova Scotian $86,000, Chateau Laurier $939,000, Fort Garry $1,584,000, Bessborough $135,300, Hotel Macdonald $583,000, Jasper Park Lodge $126,000, and Hotel Vancouver $587,800, with $1,315,800 for sundry small projects, making a total of $5,458,300.

Clause agreed to.

• (5:50 p.m.)

Clause 3 to 6 inclusive, agreed to.

On clause 7—*Loans to Air Canada out of CRF.*

Mr. Lambert (Edmonton West): The other day I raised the question of a foreign carrier obtaining the contract for the carriage of nickel or concentrates from Canada to Norway. I gather that Friday last this prompted some form of statement, a very incomplete one, about which I saw a small blurb in the press. I wonder whether the minister could arrange to have a statement from Air Canada, since Air Canada identified itself as a carrier who was interested but whose pencil was not sharp enough to compete against KLM for the $1 million contract to carry Canadian ore to a refinery. Something has gone wrong.

Mr. Jamieson: I know something of this, but rather than attempt to give an incomplete answer at the moment I will be glad to look into it and provide the hon. member with the full story. I think there are qualifications to it in terms of the statement which he made. As I say, I prefer not to answer fully until I have the details.

Mr. Bell: Mr. Chairman, I would ask the minister a question I asked previously. Is this section on Air Canada financing the same as in other years, or are there new provisions that give this company a greater freedom in its financing efforts? Will Air Canada be having more independence in the financial world? I would also ask if they will be able to borrow more money or increase their financing in view of the jumbo jets? Will there be greater financing this year because of the jumbo jets?

Mr. Gray: The provision is basically the same. It will permit Air Canada to go directly to the market to borrow if it so decides or it can borrow from the government. I believe there is a difference in the sense that under this provision it will not be able to borrow from the CNR, but basically the purpose of giving greater flexibility to Air Canada in seeking capital by way of borrowing is the same.

Clauses 7 to 15 inclusive agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Gray (for Mr. Benson) moved that the bill be concurred in.

Motion agreed to.

Mr. Speaker: When shall the said bill be read a third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Speaker: By unanimous consent, now.

Mr. Gray (for Mr. Benson) moved that the bill be read the third time and do pass.

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

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): Mr. Speaker, just to confirm the menu for tomorrow, we will start off with the third reading of the Excise Tax Act, followed by the final budget bill, the Income Tax Act.

PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—TAX REFORM—ISSUING BY MINISTER OF FINANCE OF ALLEGED PROPAGANDA MATERIAL—RULING BY MR. SPEAKER

Mr. Speaker: Earlier in this sitting, the hon. member for Winnipeg North Centre (Mr. Knowles) raised a question of privilege dealing with a letter from the Minister of Finance (Mr. Benson) dated December 9, 1969, which had been considered by his party's caucus this morning and which referred to the availability of certain material paid for out of public funds which the members of the caucus had been invited to use without their having been consulted on the production of such material.

In the brief period at my disposal I have endeavoured to find a precedent or other authority to sustain the hon. member's contention that his submission raised a prima facie question of the breach of the privileges of this House. It might be of interest to hon. members were I to refer to an incident that is reported at page 3825 of *Hansard* for April 20, 1961. On that occasion it was suggested that a pamphlet, produced and circulated by the Department of Agriculture, in relation to the operation of the provisions of a bill then before the House, had violated the rights of Parliament in that the minister had assumed powers beyond those authorized for him by substituting the powers of his department for the legislative powers of this Parliament.

Unfortunately this precedent, which is the only one we have been able to find, is not too helpful since after a long discussion and debate on the point of privilege no motion was tendered by the hon. member who raised the matter as a question of privilege and as a consequence the Speaker was not called upon to make a ruling. I must also add that neither the Standing Orders of the House nor other recognized authorities are of much assistance to the Chair in making a decision at this time.

As a final recourse, I must refer to what is commonly called a general definition of acts or conduct which constitute a breach of privilege. That definition is recorded at page 109 of May's 17th edition as follows:

> It would be vain to attempt an enumeration of every act which might be construed into a contempt, the power to punish for contempt being in its nature discretionary. Certain principles may, however, be collected from the *Journals* which will serve as general declarations of the law of Parliament. It may be stated generally that any act or omission which obstructs or impedes either House of Parliament in the performance of its functions, or which obstructs or impedes any member or officer of such House in the discharge of his duty, or which has a tendency, directly or indirectly, to produce such results may be treated as a contempt even though there is no precedent of the offence.

The Chair has been unable to conclude that the conduct of the Minister of Finance, as related by the hon. member for Winnipeg North Centre, was an effort to obstruct or impede any member of this House in the discharge of his duty, or that such action had the tendency, directly or indirectly, to produce such results.

Whether or not it was proper to prepare and circulate what the hon. member for Winnipeg North Centre described as "propaganda material" is, in the opinion of the Chair, a matter of administration which can be debated by hon. members in a variety of ways. In fact, a number of questions have already been asked by hon. members in relation to this matter. I have to conclude that although there may be a grievance against the government, a prima facie case of breach of parliamentary privilege has not been established.

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

HOUSE OF COMMONS

Thursday, December 11, 1969

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

Third report of Standing Committee of Privileges and Elections, in both official languages—Mr. Laflamme.

Second report of Standing Committee of Transport and Communications—Mr. Lessard (LaSalle).

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

CANADIAN CONSTITUTION

TABLING OF CONFERENCE CONCLUSIONS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have the honour to table, in the two official languages, the conclusions of the third meeting of the Constitutional Conference which closed yesterday in Ottawa.

[*English*]

Mr. Baldwin: That is a lot of paper for so little accomplished.

Mr. Trudeau: There are many copies, so you can instruct yourself.

POST OFFICE

TABLING OF REPORT, "BLUEPRINT FOR CHANGE, CANADA POST OFFICE"

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, pursuant to Standing Order 41(2) I have the honour to present the report submitted by the Task Force, "Blueprint for Change, Canada Post Office", November 1969, in the two official languages.

Mr. Macquarrie: On a question of privilege, Mr. Speaker, I would like to point out that the minister in tabling the report seemed to admit the priority of right of this House to receive this document first—an important right. I read in this morning's paper a statement referring to the impending tabling of this document and it commented on its contents. I deplore this as a further deterioration of the rights of parliament and another advance toward mass news. Neither development is helpful to a stable or free democracy.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. Perhaps in fairness the minister might be allowed to reply. I have to mention to the hon. member that he can only raise a question of privilege in the way he has attempted to do by giving notice to the Chair.

Some hon. Members: No, no.

Mr. Speaker: Order, please. I am referring to the fact. The hon. member is complaining that there was a comment in the newspapers. I, of course, do not know to which notice he is referring. If it is an incident which happened outside the House, the rules require him to give notice before the matter can be debated. However, as the matter has been raised I think the minister should be given an opportunity to reply.

Mr. Baldwin: Don't explain, just apologize.

Mr. Kierans: Mr. Speaker, for many weeks I have made it quite clear that we expected to table this report momentarily. We received it about five to six weeks ago. It is a lengthy document that took some time to translate. I may say on the specific point that I was as surprised as the hon. member for Hillsborough and, indeed, angry. Because I was occupied with other duties this morning I have not had a chance to investigate the source of the report in the *Globe and Mail.*

ORAL QUESTION PERIOD

CANADIAN CONSTITUTION

INQUIRY AS TO ESTABLISHMENT OF HOUSE COMMITTEE

Hon. Robert L. Stanfield (Leader of the Opposition): I wish to ask the Prime Minister a question. In view of the almost imperceptible rate of progress at the conference during

the last few days, which must be as disturbing to the Prime Minister as it is to us, is the Prime Minister prepared to give the House an assurance that the contemplated parliamentary committee will be established either during the coming week or during the first week after we return following the Christmas recess?

Hon. Donald S. Macdonald (President of the Privy Council): Perhaps I can respond to this question. I have spoken to certain members opposite, in particular the hon. member for Peace River, and we expect to be meeting later this day to discuss possible terms of reference of that committee. It would appear now, bearing in mind the list of items set down for completion before the House rises for the Christmas recess, as indicated by me last week, that there will not be the opportunity we hoped would exist for a two-day debate on this subject. It seems likely, therefore, that the arrangements to be made among the representatives of the parties will relate to some time after the House reconvenes following the Christmas recess. It would certainly be my intention to have the committee reference called as early as possible in the next part of the session.

Mr. Stanfield: My question was whether a reference would be made next week or during the first week of our return following the Christmas recess. Could either the Prime Minister or the leader of the House give such an assurance?

Mr. Macdonald (Rosedale): I do not want to repeat the answer I have given, but it seems to me fairly obvious that there will not be an opportunity to debate it next week. However, we shall certainly seek an opportunity to have it debated as soon as we get back.

Mr. Stanfield: I know there have been discussions about the terms of reference. I will ask the Prime Minister whether he is prepared to assure the House that the terms of reference will be broad enough to enable the committee to consider not only proposals put forward by the government of Canada but also proposals put forward by provinces or proposals which may come from other sources for consideration by the committee? In other words, can the Prime Minister assure us that the terms of reference of this committee will be broad enough to enable it to examine fully the constitutional question as a whole, not merely the federal position?

[Mr. Stanfield.]

Right Hon. P. E. Trudeau (Prime Minister): I understand from the leader of the House that this is precisely the subject which is being discussed at present between him and the leaders of the other parties.

Hon. George Hees (Prince Edward-Hastings): A supplementary to the Prime Minister. Since it has become obvious that it is very difficult, if not impossible, to get agreement or even consensus about the important matters discussed at these conferences, is the Prime Minister giving consideration to arranging for a great deal more intergovernmental discussion at ministerial and prime ministerial levels long before the ministers gather in Ottawa for these conferences in order that the chances of reaching decisions and making solid progress can be materially improved?

Mr. Trudeau: If the hon. member had read any of the reports which have been tabled he would know that all these meetings are prepared at considerable length by meetings of officials and, in many cases, by meetings at the ministerial level. He is therefore suggesting that something should be done which we have been doing for two or three years now.

Mr. Hees: Whatever has been done has not been very effective. If the Prime Minister considers that what was achieved in the last two or three days amounts to progress, is it not obvious why the economy of the country is moving downhill?

Mr. Speaker: Order.

TRADE

WHEAT—DISCUSSIONS WITH U.S.S.R.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): My question, Mr. Speaker, is for the Minister without Portfolio who has responsibility for the Canadian Wheat Board. It has to do with the discussions which are going on in Moscow with respect to getting the Soviet Union to take up the balance of its requirement for wheat under the old agreement. Has agreement now been reached between the Canadian Wheat Board and the government of the Soviet Union regarding the sale of wheat to the Soviet Union by Canada?

Hon. Otto E. Lang (Minister without Portfolio): I have said frequently that I prefer not to comment on negotiations in progress. However, I can confirm that the Chief Commissioner and the Assistant Commissioner are still in Moscow. I will also confirm that, as I have been for some time, I am full of hope.

An hon. Member: Full of oats?

Mr. Douglas (Nanaimo-Cowichan-The Islands): In view of the large sale of wheat which the Australian wheat board has made to the People's Republic of China, may I ask the minister whether any negotiations were carried on by representatives of the Canadian government or the Wheat Board in an endeavour to get some of that order for Canada?

Mr. Lang: It was only a short time before that sale that the Wheat Board negotiators were in China and came back with a very large contract indeed.

Some hon. Members: Hear, hear.

Right Hon. J. G. Diefenbaker (Prince Albert): In no way dealing with the negotiations which are presently going on, may I ask whether it is not a fact that the government of Canada was apprised in December of 1968 that the 135 million bushels which would remain untaken as of July 31, 1969, would be taken, and that in the month of April the Canadian government was apprised by Russia that so far as the 135 million bushels were concerned the Soviet Union intended to take that wheat, and there was never any question about it?

Mr. Speaker: The question as asked by the right hon. gentleman was clearly asked by way of argument, or at least in an argumentative manner. I hesitate to suggest that it might be asked in a different way, but perhaps that might make it easier for the Chair to accept the question.

Mr. Diefenbaker: Mr. Speaker, the last thing in the world I want to do is to ask a question that is not clear. I asked a very simple question: Did not the government of Canada know full well as far back as December of last year, and finally in the month of April, that there was only to be a postponement of the taking of the 135 million bushels and that Russia was going to do so?

Mr. Speaker: Order. The rephrased question is just as clearly argumentative as the first one. The hon. member for Saskatoon-Biggar.

Mr. Diefenbaker: Mr. Speaker, I seldom rise on a point of order, but surely a question is not argumentative because it asks for information. What is argumentative about that?

Inquiries of the Ministry

Mr. Speaker: The hon. member for Saskatoon-Biggar.

WHEAT—AUSTRALIAN PRICES IN SALE TO CHINA

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister without Portfolio in charge of the Wheat Board. Previously I directed a question to the Secretary of State for External Affairs when he was Acting Prime Minister in regard to the sale to China by Australia of some 80 million bushels of wheat at a price of approximately $100 million. Now that the Minister without Portfolio is in the House, may I again ask whether this wheat deal was made at prices substantially below those prevailing under the International Grains Arrangement?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, we do not have official confirmation of the exact price of the reported sale of wheat by Australia to China. However, it might help the hon. member to know that contrary to what appears in some of the press reports the $100 million figure referred to is Australian dollars rather than Canadian dollars. In other words, the price referred to in the press report would be $120 million Canadian.

Mr. Gleave: A further supplementary question. There would be a difference in exchange, of course, as there is between the Canadian dollar and the United States dollar, but do the minister and his officials not concern themselves with whether or not the price levels under the International Grains Arrangement are being observed?

PLANS TO INCREASE WHEAT AND FLOUR EXPORTS

Mr. George Muir (Lisgar): In view of the fact that Canadian exports of wheat and flour have dropped 43 per cent in the first two months of the crop year compared with the same two months of last year, what plans does the government have to increase our wheat and flour exports?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, it is true that actual shipments out of the country in the first two months of the year were quite low, largely because of the gap in deliveries to China. However, sales made during that period are running very well indeed. There has been in recent months a very rapid pick-up in deliveries of wheat from Canada, and this is beginning to be reflected in deliveries from country elevator points as well.

Inquiries of the Ministry

INDIAN AFFAIRS

MORTALITY RATE IN NORTHWEST TERRITORIES

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, in light of today's reports that Indian mortality rates in the Northwest Territories have risen even in the infant age group, which is not the case in the rest of Canada, will the Minister of National Health and Welfare comment on the reasons for this situation in view of the fact that in these territories the federal government has clear primacy of responsibility?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I am sure the hon. member is referring to a statement made by a regional employee in the Northwest Territories who stated that what he did say was that there was an ever decreasing rate of Indian mortality in that area.

HEALTH AND WELFARE

APPOINTMENT OF DEPUTY MINISTER

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to ask the Minister of National Health and Welfare this question. In view of the apparent serious situation in medical services, when does he expect to fill the position left vacant by the resignation of his deputy minister last August?

Hon. John C. Munro (Minister of National Health and Welfare): The government has that under consideration, Mr. Speaker.

[*Translation*]

SOCIAL SECURITY

INQUIRY AS TO INTRODUCTION OF GUARANTEED ANNUAL INCOME

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a question for the Prime Minister.

When the government claimed the right, at the federal-provincial conference, to pay directly the social security benefits to the individuals in each province, was it paving the way for a guaranteed annual income for all Canadians?

Right Hon. P. E. Trudeau (Prime Minister): I was not paving the way for anything, Mr. Speaker, but I simply pointed out that this has been done for 100 years under the Canadian constitution and that we did not want of a constitution under which the federal government would have only the right to tax Quebec citizens without being empowered to pay them some benefits when they are unable to provide for themselves on account of old age, illness or unemployment.

Some hon. Members: Hear, hear.

Mr. Speaker: Does the hon. member for Shefford wish to ask a supplementary question?

Mr. Rondeau: No, Mr. Speaker.

Mr. Asselin: Mr. Speaker, I have a supplementary.

Would the federal government intend to substitute shortly to all subsidies granted in the field of social security a program designed to extend to all Canadians an annual guaranteed income? Do they wish to abolish the social security program to replace it with an annual guaranteed income for all Canadians?

Mr. Trudeau: Mr. Speaker, I do not know whether this would help to clarify the question if I were to say that during the discussions, we divided the general problem of social security by talking about social services We also recognized that the provinces alone must have the jurisdiction in the field of social services. As to guaranteeing the income of Canadians through allowances, we feel that a new constitution should continue to leave to the federal government alone the jurisdiction in that respect. I do not know if that clears up the issue.

As for programs to be established, that is not a constitutional matter, but a question of policy to be announced in due time by the ministers.

POLLUTION

ESTABLISHMENT OF JURISDICTION BY THE SUPREME COURT

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a question for the Prime Minister.

Does he seriously consider having the Supreme Court of Canada rule on jurisdiction over air and water pollution, as recommended in the white paper on taxation?

Right Hon. P. E. Trudeau (Prime Minister): As far as I know, Mr. Speaker, the white paper on taxation does not say anything about referring this question to the Supreme Court, but I can always inquire.

[*English*]

EXTERNAL AFFAIRS

VIET NAM ATROCITIES—SUGGESTED INQUIRY BY ICC OR UN MISSION

Mr. David Lewis (York South): Mr. Speaker, on November 25, again on November 27 and again on December 5, in the absence of the Secretary of State for External Affairs, I asked the Prime Minister certain questions arising out of the alleged atrocities by United States troops in Viet Nam. I should now like to pose all the questions to the minister with your permission, Mr. Speaker. The first is whether the government or his department has instructed our representative on the International Control Commission to busy himself with investigating this matter. The second is whether the government has instructed our permanent representative at the United Nations to take the matter up with the Secretary General of that body. The third is whether the department has studied the suggestion made by certain law professors, of whom the Prime Minister expressed great approval, with regard to action that should be taken at the United Nations.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am prepared to answer these questions. The statement I have to make, however, would be somewhat longer than you would permit. I am prepared now to make the statement if the House wishes to revert to motions.

Mr. Speaker: Is it agreed that we revert to motions for the purpose of hearing a statement by the Secretary of State for External Affairs?

Some hon. Members: Agreed.

And the House having reverted to motions:

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

STATEMENT ON VIET NAM ATROCITIES

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, as the hon. member for York South has said, he asked several questions with respect to atrocities allegedly committed by the United States, South Vietnamese, Viet Cong and North Vietnamese forces in Viet Nam. With the House's permission I should like to make a statement on the subject now.

Statement on Viet Nam Atrocities

It is, I trust, not necessary for me to stress how appalled all of us in Canada have been by the wave of reports coming out over the last two weeks concerning the alleged behaviour of combatants on both sides in this tragic conflict toward each other and toward innocent civilians. Every war is abhorrent, whatever its origins, whatever the explanation made for it by the belligerents or by the historians. It becomes particularly abhorrent when even the normal rules of military behaviour are discarded: when there is deliberate individual terrorism and assassination; when there is indiscriminate bombing and shelling; when there is rejection of internationally accepted treatment of prisoners of war; when thousands of civilians from a particular city are methodically executed and dumped into mass graves; when women and children in villages are shot in cold blood. There may be explanations, but there can be no justification for such action by either side. It seems to me that the agony the American people are going through at this time shows that they too believe deeply that there cannot be such justification.

Since the events at My Lai came to the attention of the United States government and public, that government has acted in a manner consistent with the normal practice of a democratic society. A committee of the United States Senate has reviewed the evidence. An inquiry at the highest level has been instituted by the Secretary of Defence. Criminal charges have been laid against those accused of complicity in the matter. Secretary of State Rogers told us in Brussels last week that his government is determined that the criminal proceedings will be carried out as vigorously as possible and that any United States personnel found responsible will receive the punishment that they so obviously deserve. At a televised press conference on Monday night President Nixon told the American people:

> What appears is certainly a massacre and under no circumstances was this justifiable... We can never condone or use atrocities against civilians to accomplish our goal.

He also had this to say:

> I'm going to do everything I possibly can to see that all the facts are brought to light and that those who are charged—if they are found guilty—are punished.

The normal course of the inquiries and criminal proceedings now under way in the United States will bring to light the facts of

this particular event and the circumstances in which it took place and meet the requirements of justice.

The question has been raised of an investigation by the International Control Commission, of which Canada is a member along with India and Poland. We have consulted our delegation in Viet Nam and their view confirms our own reaction that an investigation by the commission of charges of atrocities would be beyond its powers under the 1954 Ceasefire Agreement which sets out the terms of reference of the International Control Commission. For this reason it has been unable to undertake investigations of similar allegations submitted to it over the years concerning Viet Cong atrocities, and any such efforts have been consistently blocked.

The possibility of a United Nations investigation of the allegations of atrocities has also been raised. It must be recognized, of course, that an investigation on behalf of the Secretary General could in practical terms only be carried out with broad general support within the United Nations and with the co-operation of all the parties directly concerned. Frankly, whatever the merits of the proposal, I see little likelihood that these conditions would be met. I would remind the House, in particular, that the Communist side has consistently maintained the position that the United Nations has no role to play in the Viet Nam conflict and has resisted any suggestions of possible UN intervention.

• (2:30 p.m.)

Finally, there has been a proposal by a distinguished group of Canadian professors of international law that the United Nations should set up a special body to go into this whole question in depth, to see whether war crimes and crimes against humanity have been committed in violation of customary and conventional international law and principles affirmed by the United Nations, and perhaps to update the rules concerning war crimes to apply to hostilities other than open and declared war. While all the available evidence indicates that atrocities have in fact occurred, every effort must be made to avoid prejudicing the rights in law of the individuals who may have been involved. We are, however, making a careful study of the professors' declaration and carrying out our own examination of the international law applicable to the questions raised in the declaration. I would therefore prefer to withhold substantive comment until this study has been completed.

[Mr. Sharp.]

Our attention these last few weeks has been focused very heavily on the particular horrors to which the conflict in Viet Nam has given rise. A stop must be put to them, but the best way would be for both sides to display the necessary imagination and flexibility to bring to an end a war whose continuance can only bring further suffering and further horrors.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, as I said the other day, I have serious doubts about the usefulness of what I might call instant comment on what must have been a statement rather carefully prepared by the department, and I hope that some day Parliament will be able to take a look at the formula that we have followed up to now.

Having said that, perhaps I can add the comment that surely we must accept, in our attitude toward the agony which the American people are going through as the result of the disclosure of the atrocities at My Lai, that the vast majority of them are just as deeply troubled by this event as is obviously the case with people in the rest of the world. Perhaps it is trite to say that, but I think we have to try to balance such statements with a recognition of the best features of the life and ethics of the American people. We also have to remember that we have just had an example of another side of American life which was welcomed here in a very moving way the other day when the astronauts honoured us by visiting Parliament. The tragedy and the irony are that their superb achievement in the technological and, yes, in the human sense, is clouded in the eyes of the world because of events in South Viet Nam.

I am sorry that the minister could not have been more forthcoming about the International Control Commission. Perhaps it is not fair to say this, but it is my feeling that the commission has been plagued throughout its history by withdrawals from activity just at the time when one could have expected it to play some useful role. Indeed, the latest manifestation in the withdrawal of the commission personnel from Cambodia troubled a good many thoughtful people involved in international affairs.

I read the proposals of the professors of international law with great interest. I wish I could be more optimistic, but all I can say is that it seems to me to be a rather bitter and ironic comment on man's progress toward civilization that in 1969 we are having to

update the rules of what is right in war or what limits civilized man will accept in waging war.

Mr. David Lewis (York South): Mr. Speaker, of course I appreciate the fact that the minister was prepared with a statement today, and of course I appreciate the fact, as does every Canadian, that the majority of the American people are as outraged by what they heard as are people all over the world. But I as one member of this Parliament cannot feel happy—indeed I feel rather outraged—that it took several questions before this government declared its abhorrence of the atrocities that have taken place in Viet Nam.

Some hon. Members: Oh, oh!

Mr. Lewis: Members opposite can groan as much as they like, but the fact is that throughout the immoral U.S. war in Viet Nam, the government of Canada has not had the courage to state its position against that war.

Some hon. Members: Oh, oh!

Mr. Lewis: It is also a fact that when the Secretary of State for External Affairs made his statement this afternoon he spoke in generalities about the pain he feels with regard to these atrocities, following which he clearly indicated that he is not prepared to condemn, as I believe all Canadians do, the kind of atmosphere which has been created by the immoral war in Viet Nam and which enables good Americans to act in that way.

Some hon. Members: Hear, hear!

Mr. Lewis: The minister said he knows for certain that there will not be general support at the United Nations for a certain action. How does he know? When did we arrive at the point at which the minister takes solace from the fact that the Communist members of the United Nations have acted in a certain way? Since when has that prevented him from taking a position? He has always failed to take a position when the Americans have not wanted it. Are we now to refuse to take a position because the Communist countries do not want it?

An hon. Member: You support the Communists.

Mr. Lewis: I say it is the duty of this government and our smiling Prime Minister to make certain that the voice of Canada is heard against the American atrocities in Viet Nam. I know that atrocities are committed by the other side, but we are not associated with the other side; we are associated with the Americans. The Secretary of State for External Affairs is not associated with the Viet Cong and the North Vietnamese—

An hon. Member: But you are.

Mr. Lewis: Furthermore, we do not ship arms to the North Vietnamese or the Viet Cong. Therefore we are directly implicated in this situation which lays upon us a particular obligation to speak out against these atrocities.

I say finally to the minister that he has an immediate opportunity to show where Canada stands. According to press reports, a resolution is now before the United Nations sponsored by Sweden and some other members of the UN condemning the use by the United States of chemical warfare in Viet Nam. I hope the minister will have the courage to instruct our representative at the UN to support and, if possible, to co-sponsor that resolution.

• (2:40 p.m.)

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the statement by the Secretary of State for External Affairs (Mr. Sharp) makes clear enough Canada's attitude with regard to the events which took place in Viet Nam.

It is obvious that the courts will have the opportunity of meting out due punishment to the parties responsible for the atrocities perpetrated over there and which were acknowledged by the President of the United States. However, we should not overlook the fact that the atrocities committed by both belligerent parties have spawned in a war atmosphere and that in every war situation there are abuses.

During the Second World War, atrocities were committed both by the Allies and Germany. Armed conflicts necessarily lead to hatred, always.

We must not try to do what the hon. member for York South (Mr. Lewis) has been trying to do for several months and maybe several years in this House, namely try to stir up the Canadians against the Americans. He does recognize that North Viet Nam has also committed atrocities. However, since we are allied with the Americans we must blame them all the more. Besides, it is not the first time that the member for York South shows

he is squarely against U.S. intervention in Viet Nam—

Mr. Lewis: Agreed.

Mr. Caouette: He agrees. However, while he wants parliament to ask the Americans to withdraw from Viet Nam, he also wants the Canadian government to interfere in Biafra's internal affairs. That is not logical. Therefore, the member for York South is inconsistent when he pretends to support South Viet Nam. I sincerely believe that he is supporting North Viet Nam.

Mr. Speaker, I think the Viet Nam war must end as soon as possible, because I believe no war is justified. In my view, there is so much room in the world for understanding, co-operation and friendship that conflicts should not exist. I think the primary role for any Canadian government and for the Canadian people as well is to intervene in every area where peace can be established, so that nations will understand one another and human beings will enjoy maximum economic security in freedom.

[*English*]

Mr. Speaker: We will now return to the question period.

ORAL QUESTION PERIOD

[*Translation*]

EXTERNAL AFFAIRS

NORTH VIET NAM—PROCEDURE FOR DEALING WITH ATROCITIES BY VIETCONG

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs?

Following the statement he has just made to the House, I would like to ask him whether, as a member of the International Control Commission, Canada is able to make sure that in North Viet Nam a judicial body will be set up to condemn or to examine criminal acts which the Viet Cong might have committed?

[*English*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. As I said in my statement, the International Control Commission has been frustrated in every effort it has made to investigate atrocities on either side.

[Mr. Caouette.]

Mr. Valade: Mr. Speaker, the purpose of my question was to ask the Secretary of State for External Affairs what judicial mechanism exists in North Viet Nam to deal with such matters as atrocities by the Viet Cong?

Mr. Sharp: I have no special knowledge of that, Mr. Speaker, and I would hesitate to answer the question. I would not want to do an injustice to any country.

IMMIGRATION

DR. KAZIMIERZ LASKI—REQUEST TO ENTER CANADA

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Minister of Manpower and Immigration which I asked on December 8. In fact I gave his office notice of it and I wrote to the minister, and I expected an answer from the acting minister. Now that the constitution is at rest for a while, may I be informed why Dr. K. Laski was refused admittance to Canada?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I understand that the question has been put down for the late show and I would like to take that opportunity, or a later one, to amplify this case beyond the normal answer. Until that opportunity comes I would like to tell the hon. member that Professor Laski was denied admission to Canada because he did not meet immigration requirements, and I would like to amplify that later.

INDUSTRY

AUTOMOBILES—ASSURANCE OF EMPLOYMENT FOR CANADIAN LABOUR

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce. Given indications that there may be cutbacks in North American production of automobiles, will the minister assure the House that in forthcoming talks with United States government officials he will take steps to ensure that the percentage of Canadian labour employed in this industry does not fall below the existing level?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): One way of doing that, Mr. Speaker, is to maintain the autopact safeguards that exist now and try to improve upon them, if at all possible and this is our policy.

[*Translation*]

OIL

USE OF ALBERTA PRODUCTION IN EASTERN CANADA

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources.

As the Canadian government authorizes imports of unrefined oil, when Alberta is producing only half the oil that it could produce, does the minister intend to take the necessary measures to remedy the situation?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, the object of our discussions with the Americans is to ensure a larger market for western oil and, should our representations be successful, we may have an even better market for Canadian oil.

Mr. Réal Caouette (Témiscamingue): I should like to ask a supplementary question to the minister.

He tells us that his department is now negotiating in order to conclude better trade agreements with the United States, but it remains to be seen whether Canadian consumers of crude oil could get it in Alberta rather than in the South of the United States as they do now?

Mr. Greene: Mr. Speaker, if oil were sent from Alberta to Quebec, in the East, it would be very costly. Indeed, pipelines would have to be built from western Canada, which would not be profitable.

Presently, if the oil consumed in the East contains equal parts of Canadian and foreign oil, that contitutes a good market for western oil. Besides, it is possible to get oil cheaper, in the East. In our opinion—

Mr. Speaker: Order.

Mr. Greene: —it is the best mixture.

Mr. Speaker: Order. I must interrupt the minister.

Some hon. Members: Hear, hear!

[*English*]

EXTERNAL AFFAIRS

BIAFRA—REQUEST BY CANAIRELIEF FOR ASSISTANCE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether he has reached any decision with regard to the request by

Canairelief for government support? I ask this question because it is two weeks today since we had a discussion in the House on this subject and at least a month since Canairelief renewed its request to the government for such support.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, Canairelief has been told that we are at present working on an alternative scheme to attempt to provide relief to the people of Biafra. If this scheme does not prove feasible, then we will come back tc discussion of the Canairelief scheme.

Mr. Stanfield: A supplementary question, Mr. Speaker. Could the Prime Minister indicate to the House when the government of Canada will be prepared to come back to the Canairelief request? In other words, can the Prime Minister indicate to the House the approximate length of time the government is going to take in seeking an alternative course of action?

Mr. Trudeau: My information is, Mr. Speaker, that my office informed Canairelief a few days ago that we were taking a further period of three weeks. Part of that three weeks is up now. We have given ourselves this extension to work on this alternative method which would have the incomparable advantage of bringing much greater relief supplies to the people of Nigeria-Biafra.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a supplementary question. Would the Prime Minister undertake to make a statement to the House before the Christmas recess on the subject of relief either by means of Canairelief or whatever other means the government sees fit to pursue?

Mr. Trudeau: If there is anything definite to report, Mr. Speaker, I shall be glad to do so.

PENITENTIARIES

POSITION OF NEGOTIATIONS RESPECTING EMPLOYEES' SALARIES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Solicitor General and the President of the Treasury Board I should like to ask a question concerning the position of penitentiary guards and custodial officers who inform me that at Prince Albert, and I assume this applies elsewhere, 2 per cent is the extent of the salary increase that they are to be allowed in the coming year. In view of the fact that they have no recourse to press for

an increase over and above that amount, which is inadequate, will the minister have this matter looked into to assure that these officers shall receive fair and reasonable compensation?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I shall certainly bring the representations of the right hon. gentleman to the attention of the President of the Treasury and the Solicitor General.

PUBLIC SERVICE

EFFECT OF CUTBACKS ON WAR AMPUTEES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Prime Minister, because I think this is important, whether he would investigate—and I use that word in its proper sense—the effect of the Civil Service cutbacks on war amputees who are of the opinion that they are being picked out because they are on pension due to injuries received in the war?

Some hon. Members: Shame!

Right Hon. P. E. Trudeau (Prime Minister): I shall certainly ask the President of the Treasury Board to look into that matter, Mr. Speaker. I am quite sure that their impression is not accurate but I should like to see why they have arrived at it.

Mr. Woolliams: Mr. Speaker, I wonder if I could ask one more question. When the investigation is made would the Prime Minister or the appropriate minister investigate the particular cases of Harry Weir and Charles Kent, who are typical of these cases across Canada although they happen to live in Calgary? They are being let out at a time of year when unemployment is at its highest in Canada.

POLLUTION

ESCAPE OF OIL FROM GROUNDED GREEK FREIGHTER

Mr. David Anderson (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Fisheries or the Minister of Energy, Mines and Resources who seems to be in very good voice today. What steps are being taken to control pollution by fuel oil from the 16,000 ton Greek freighter which went aground at Ferrer Point 70 miles north of Tofino recently and which is presently being broken up by the gale force winds of the past few days?

Hon. Jack Davis (Minister of Fisheries and Forestry): The fisheries protection vessel *Tanu* is there. The 16,000 ton vessel has a lot of oil on board and is creating a pollution problem. We are trying to develop some scheme whereby the oil can be dispersed without being harmful to the marine life there.

DUMPING OF OIL AND OTHER WASTE IN GREAT LAKES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question arises from the concern over the continued dumping of oil and other waste from ships on the Great Lakes in direct contravention of the provisions of the Fisheries Act. In view of the fact that months, even years, of protracted negotiation will be required after final approval by Parliament of the Canada Water Act to make it an effective anti-pollution measure, will the government take immediate action to increase the low fines provided in the Fisheries Act so that we shall have some means of acting effectively against such pollution in the interim?

Mr. Speaker: Order, please. The member's question is in the form of a representation which he has to assume has been noted.

NATIONAL FILM BOARD

LAY-OFFS OF EMPLOYEES—REQUEST FOR STATEMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is for the Secretary of State. In view of the fact that lay-offs proposed by the National Film Board are much higher than indicated earlier by him and as a result it is likely that a number of long service employees will be dismissed, will the minister give consideration to making a statement on motions at an early date about the future of the National Film Board?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I asked for a complete report in that matter, which I hope to get on Monday at the latest. Indeed, that might lead to a restatement.

[*English*]

RECONSIDERATION OF ORDER LEVYING CHARGES FOR USE OF FILMS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a supplementary question. I should like to ask the minister whether he will reconsider a recent order to levy certain charges for films distributed by the National

Film Board primarily for educational purposes since librarians in Saskatchewan have indicated to me they are returning these films?

Mr. Speaker: Order, please.

Mr. Korchinski: Mr. Speaker, could I rephrase my question and ask the minister whether he will not at least consider withdrawing the order to charge for films that are being used for educational purposes?

Mr. Speaker: Order.

LABOUR CONDITIONS

FAIREY AVIATION LAY-OFFS—INCOME MAINTENANCE BENEFITS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I should like to direct a question to the Right Hon. Prime Minister. Do the remarks he made in a speech in Hamilton to the effect that workers displaced by changing government programs and policies are entitled to reasonable income maintenance benefits apply to the men laid off at Fairey Aviation of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of that particular case but I shall look into it.

AGRICULTURE

REPORT BY COMMITTEE ON TOUR OF CANADA

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Agriculture. Is it the intention of the minister to have the chairman of the Standing Committee on Agriculture submit a report on the committee's tour of Canada? If so, when, and if not, why not?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the last two parts of the question do not apply because the Minister of Agriculture does not give instructions to the chairman of the Standing Committee on Agriculture.

Mr. Southam: A supplementary question, Mr. Speaker. Is the minister aware—

Mr. Speaker: Order, please. I have to ask the co-operation of hon. members. We are running short of time so perhaps we should limit supplementary questions as much as possible.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

JUDGMENT IN CASE OF HUNTING INFRACTION BY ESKIMO

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is for the Minister of Justice whom I welcome back from his daring and successful pursuit of the status quo over the last few days. Some time ago I asked the minister about the case of an Eskimo who had been convicted of an infraction of an ordinance of the Northwest Territories on an ice floe seven miles from the shore line. Is the government going to move to have that conviction quashed or does it accept the position that it has sovereignty in that particular area?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I gather that the hon. member is referring to the case of Tootalik. In the question the hon. member assumes that there was a finding of fact that the offence took place more than three miles from the shore line. Crown counsel for the Northwest Territories advises me, however, that the evidence is not clear on this point. In any event no decision is going to be taken on the position the Crown will take until we have made a review of the evidence.

Mr. Baldwin: A supplementary question, Mr. Speaker. In view of the fact that I understand the reasons for judgment indicate that the offence did take place that far out, will the minister not consider moving to quash the conviction in view of the government's position on the question of jurisdiction?

GRAIN

WHEAT—OVER-QUOTA DELIVERIES TO PURCHASE SEED

Mr. A. B. Douglas (Assiniboia): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. Has a decision been reached yet by the Wheat Board on whether or not prairie farmers will be allowed over-quota delivery privileges for the purchase of registered and certified seed?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I have been informed by the Wheat Board that the discussions have been successful and it is now intended to reinstitute over-quota delivery privileges to the extent of 400 bushels per permitholder with some additional regulation with regard to the use of this privilege which would assure the limitation of abuse.

Inquiries of the Ministry

INQUIRY AS TO BUILDING OF ELEVATORS IN NEWFOUNDLAND

Mr. John Lundrigan (Gander-Twillingate): A supplementary question, Mr. Speaker, to the Prime Minister. In view of the fact that according to reports the Wheat Board has experienced difficulty in meeting sales commitments because of grain not being in "a forward position", is the government giving consideration to building grain elevators in Canada's east coast province, Newfoundland?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I will be glad to have a look at the report to which the hon. member is referring and see what substance there is to it. Of course, the question of the adequacy of facilities to carry and store Canadian grain is constantly under review.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO LEGISLATION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the alarming statistics released today regarding unemployment in this country, I intended to direct a question to the Minister of Labour. I see by the roster he is supposed to be in his seat and I saw him in the building a while ago. Perhaps in his absence I can direct it to someone else. Will the legislation to amend the Unemployment Insurance Act, promised for this session, be introduced at this session?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I will take that question as notice and draw it to the attention of the minister.

THE CANADIAN ECONOMY

INFLATION—FEDERAL GOVERNMENT HOUSING RENT INCREASES IN YUKON

Hon. W. G. Dinsdale (Brandon-Souris): My question is directed to the Minister of Consumer and Corporate Affairs. In the light of proposed rent increases of 27 per cent for tenants in federal government housing in the Yukon, will the minister explain to the House how this proposal relates to his expressed serious intention of applying restraints in order to curb inflation in the Canadian economy?

Mr. Speaker: The hon. member for Shefford.

Mr. Dinsdale: On a point of order, Mr. Speaker, I think the minister intended to reply because high costs are one of the great deterrents to settlement and development in the north.

[Mr. Lang.]

[*Translation*]

COMMUNICATIONS

NEGOTIATIONS RESPECTING QUEBEC BILL ESTABLISHING JURISDICTION

Mr. Gilbert Rondeau (Shefford): I should like to ask a question to the Secretary of State.

Can the Minister say whether negotiations or discussions took place between the federal government or the Canadian Radio-Television Commission and the government of Quebec before the latter tabled a bill to establish provincial jurisdiction over means of communication.

Hon. Gérard Pelletier (Secretary of State): I do not know precisely, Mr. Speaker, what bill the hon. member is referring to. I am ready to answer this question but I have to get information about it first.

[*English*]

VETERANS AFFAIRS

RESTRICTION OF SOCIAL AND FINANCIAL COUNSELLING

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I have a question for the Minister of Veterans Affairs. Is the Department of Veterans Affairs restricting social and financial counselling to those veterans who are in need of these services and who, in the past, have derived much benefit from them?

Mr. Speaker: I think the question could be placed on the order paper. If there is urgency, perhaps the hon. member would not mind suggesting to the Chair that it be considered at the time of adjournment.

Mr. Scott: Ten o'clock, Mr. Speaker.

IMMIGRATION

PROVISION OF CHINESE INTERPRETER SERVICE AT VANCOUVER

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct my question to the Minister of Manpower and Immigration. In view of the difficulties encountered by the Chinese people in conversing with the immigration officials in Vancouver and surrounding area, will the minister consider reinstituting the Chinese interpreter services which have been eliminated without any explanation?

Mr. Speaker: I think this question could be placed on the Order Paper. If there is urgency, it could be considered at the time of adjournment.

OPENING OF QUEBEC OFFICE IN PARIS—DECREASE IN FEDERAL OFFICERS

Mr. Steven E. Paproski (Edmonton Centre): I have another question for the Minister of Manpower and Immigration. In view of the fact the Quebec government is going to open an immigration office in Paris in a few weeks, can the minister tell the House if the number of federal government immigration officers in France will be reduced?

Mr. Speaker: This is the type of information which I respectfully suggest the hon. member should seek by way of a written question.

ASSISTANCE TO JEWISH PEOPLE LEAVING POLAND

Mr. Steven E. Paproski (Edmonton Centre): I have another very important question for the Minister of Manpower and Immigration. I will attempt to phase it in such a way that the minister will be able to reply. In view of the mass exodus of Jewish people from Poland—I do not consider this very funny, gentlemen. It is a very important question. In view of the mass exodus of the Jewish population from Poland, and in view of the action France and the Scandinavian countries are taking to assist these people, could the minister say whether Canada is planning any specil treatment or giving any special thought to assisting them?

Mr. Speaker: I have the same reservation about the third question. It may be that the minister might think these three important questions could be answered at the same time by way of a statement. That might be a helpful suggestion.

Mr. Paproski: Could I put my questions at ten o'clock, Mr. Speaker?

[*Translation*]

DECREASE IN FRENCH IMMIGRANTS

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I want to raise a point of order in connection with the question asked by the hon. member who has just resumed his seat.

Would the Minister of Immigration be ready to make a statement on motions, referring to the answer he gave to question No. 345, which appears in yesterday's *Hansard* on page 1800.

Could he supply us with any explanations as to the decrease in the number of immigrants from countries such as France, and the substantial increase in that of immigrants from Germany. Could he also—

Mr. Speaker: Order, please. The hon. member for Sainte-Marie seems to suggest to the minister to make a statement on motions and, obviously, that would be the simplest solution.

[*English*]

BUSINESS OF THE HOUSE

Mr. Baldwin: Mr. Speaker, might I have the permission of the House to ask the Government House Leader about the business for the balance of this week and for next week? He might possibly be able to make a statement.

Mr. Macdonald (Rosedale): Yes, Mr. Speaker, I thank the hon. member for the question. There will be a meeting of House Leaders later this afternoon at which the business for the balance of this part of the session will be discussed. If I could, I would prefer to make the statement at the close of the business today. I ask hon. members to bear that in mind when looking for the business for next week.

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (Saint John-Lancaster): I have a question for the Government House Leader in connection with the urban affairs vote last Monday night. I appreciate I am not entitled to comment on it, but will the minister consider having coloured slides made, preferably yellow of the Toronto members?

Mr. Speaker: Order, please. The question period has expired.

• (3:10 p.m.)

GOVERNMENT ORDERS

EXCISE TAX ACT

The House resumed, from Wednesday, November 26, consideration of the motion of Mr. Benson that Bill C-155, to amend the Excise Tax Act, be read a third time and do pass, and the proposed amendment thereto of Mr. Lambert (Edmonton West). (p. 1273)

Hon. Donald S. Macdonald (President of the Privy Council): On a point of order, Mr. Speaker. Before the debate continues I would like to address some remarks to the question of the propriety of the hon. member's amendment from the standpoint of the rules of the House concerning the imposition of taxation.

As I understand the effect of his amendment, it would be to change the incidence of this particular taxation from a 5 per cent ad valorem tax against certain air fares and propose to the House that the Committee of the Whole should consider the raising of the same amount of money by a flat fee. In simple terms, the tax which was recommended to the House by the Governor in Council proposed a percentage tax. The hon. member's proposal would change the effect of this tax so that some people would pay less in the way of taxation of this kind while others would pay more. It seems, if the amendment is to have any purpose at all, it must then have that effect.

The effect of the amendment is to refer back and therefore have the committee engage in a study in which, under our procedures, I submit it could not engage in any event. I wish to refer Your Honour to citation 263 (2) of Beauchesne's fourth edition, page 220. I wish to quote that provision which I believe covers this particular case:

> The principle that the sanction of the Crown must be given to every grant of money drawn from the public revenue, applies equally to the taxation levied to provide that revenue. No motion can therefore be made to impose a tax, save by a Minister of the Crown, unless such tax be in substitution, by way of equivalent, for taxation at that moment submitted to the consideration of Parliament; nor can the amount of tax proposed on behalf of the Crown be augmented, nor any alteration made in the area of imposition.

I also draw your attention to Beauchesne's 4th edition, citation 276 (1):

> The royal initiation in taxation implies the exclusive right to define the incidence as well as the amount of burdens to be placed upon the people, an amendment which transfers a burden to taxpayers not previously liable is an infringement on this initiative.

May I also draw your attention to citations 268 (2) and 276 (6) in the same volume; the latter is a brief one and it reads as follows:

> On the third reading of a bill to authorize the levying of a tax, a private member cannot move in amendment, even with the approval of the government, that the bill be referred back to Committee of the Whole with the object of having the tax increased.

[Mr. Speaker.]

On the basis of these citations, and of the practice of this House in the past, I would argue that the latter restriction would apply equally with regard to a motion such as that of the hon. member for Edmonton West which would change the incidence of the tax. For that reason, the amendment to the motion for third reading should not be received.

Hon. Marcel Lambert (Edmonton West): I wish at this time to limit my arguments to the points raised by the Government leader of the House; I do not intend to cover other points which Your Honour may have in mind. If there is any question in Your Honour's mind as to the propriety of this amendment I am tempted to request that, before I begin addressing you as to the acceptability of the motion, you might indicate the areas—

Mr. Speaker: Order. I appreciate the suggestion made by the hon. member for Edmonton West. He is referring to the fact that I have already had a number of conversations with him during which I indicated what reservations the Chair had in mind in connection with the proposed amendment. As he knows, and as I suggest to the House now, this proposed amendment would appear to be an infringement of the financial initiative of the Crown. Substantially, the objections are those which have been raised by the President of the Privy Council. I would certainly welcome any argument which the hon. member for Edmonton West might care to advance in support of his contention that the amendment as drafted at the present time should be put to the House.

Mr. Lambert (Edmonton West): That is fine, Mr. Speaker. At the time I spoke to you it was not clear you were limiting your objections to the one point; it is just as well to clarify that question so that we may not be arguing in a void.

To deal, first of all, with the propositions advanced by the hon. member for Rosedale, I would say that the citations which bear on this point all refer to the resolution stage. If we turn to the citations in May's 17th and 15th editions, we find that everything there is related to Beauchesne's 276(1); they all refer to the resolution stage and there is nothing in the text at all dealing with third reading. In addition, with regard to Beauchesne's 263(2), may I say that this, again, deals entirely with the question of the resolution. I have examined some of the record and I recognize that a private member cannot at any time advance any

amendment which would have the effect of imposing a new tax or increasing a tax recommended by the Governor in Council. Nor, under the later authorities, in accordance with changes in the British practice, can a private member advance an amendment which would affect the incidence of taxation. At one time it was definitely recognized that it mattered not to the Crown where a tax was imposed, because ways and means were subordinated to supply. But there has been a change. I admit that.

Let us consider the wording of the amendment which I have put forward. We request the committee of the whole to reconsider clause 1, paragraph 10, so that it be made to provide for air transportation tax on a flat fee basis to be determined by the committee as yielding an equivalent return to, and in lieu of, the tax therein provided.

First of all, the principle of equivalence is adhered to; there is no derogation from that, one way or another. Second, as to incidence, there is no new class of taxpayers brought in; the people affected would be those who were paying the air transportation tax under the government proposal. But instead of using an ad valorem basis I suggest there should be an equivalent flat fee tax. If we look closely at the authorities, we find that the provisions they have laid down have been strictly and religiously adhered to. If we turn to page 827 of May's 17th edition, because we are at the third reading stage of a finance bill, we find that all it says is this:

> On third reading of a finance bill, debate and amendment must be strictly relevant to the contents of the bill, and the expenditure of the year and alternative methods of providing revenue may not be discussed.

I submit that I am clearly within the narrowest confines of that citation. This amendment meets all requirements. It is relevant to the contents of the bill; there is an immediate direction to one of the clauses. The paragraph I have quoted is the only mention in May's 17th edition which is pertinent. It is true there is a general reference to some of these considerations in May's 15th edition, but one finds that those comments are all directed to the resolution stage. There was a great controversy in the United Kingdom parliament in the last century as to the wording and nature of resolutions, and as to the practices which had arisen in writing up the resolutions. I invite anyone who is interested to read May on this aspect; in these passages he will see what was done. In 1937, a committee of the House brought in a recommendation for the government to follow, precisely on the point that the resolution had to be wider in its ambit and much more simple. This was necessary because of earlier bad practices.

Let us not cloud the issue. I suggest with all due deference that if Beauchesne's 276(1) is taken to refer to the study of the bill rather than to the resolution, too much importance is being attached to the citation, and that the citation may be in error. I suggest to Your Honour that we go to May and read the paragraphs dealing with the general rules of procedure in the committee of ways and means. I see nothing there which would cause my amendment to be out of order. We can turn to page 733 where the procedure for dealing with taxation is outlined in detail. There is reference there to financial procedure and rules for amendment. All of the citations referred to earlier concerned resolutions.

• (3:20 p.m.)

May I just repeat my argument. My amendment does not alter any ways or means. Secondly, it does not introduce any new class of taxpayers; the taxpayers are precisely the same. Therefore, I submit that my amendment is in order.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, Your Honour has already indicated the direction in which your thinking is going, so I suppose that what we are engaging in this afternoon is not just the interpretation but the making of law. However, even though I am afraid I have to anticipate what might be your ruling, I should like to make one last defence of the right that the hon. member for Edmonton West has sought in the amendment he has proposed.

May I deal with two of the objections that were raised by the President of the Privy Council. In the latter part of his comments, he referred to a citation which said that it was not possible on third reading to move for reference back in order to increase a tax. It seems to me that it is quite clear that the change sought by the hon. member for Edmonton West is not for the increase of a tax. Certainly, the change is not to increase the total amount of revenue to be obtained, because the amendment specifically provides that the amount to be obtained shall be equivalent to the amount already obtained. Therefore, I do not think that that citation applies to this situation.

What really puzzled me was the use by the President of the Privy Council of paragraph

(2) of citation 263 of Beauchesne's fourth edition. It seems to me that the middle portion of that paragraph is the best defence there is for the proposition of the hon. member for Edmonton West. Let me reread that paragraph, but perhaps in a different tone of voice:

The principle that the sanction of the Crown must be given to every grant of money drawn from the public revenue, applies equally to the taxation levied to provide that revenue. No motion can therefore be made to impose a tax, save by a Minister of the Crown,—

I stop there because I want to emphasize the next few lines.

—unless such tax be in substitution, by way of equivalent, for taxation at that moment submitted to the consideration of Parliament;—

I cannot imagine any better description than that of the amendment proposed by the hon. member for Edmonton West. He proposes a tax in substitution for a tax that is now before parliament. He proposes that the amount to be raised shall be equivalent thereto; and he imposes the tax on the self-same people. I know it is perhaps time that we had a new Beauchesne, but that provision is still in the book; we use it when we like it and we discard it when we do not like it. Nevertheless, as I say, that sentence is still there, and to re-emphasize it, it states:

—unless such tax be in substitution, by way of equivalent, for taxation at that moment submitted to the consideration of Parliament;—

At the end of that paragraph there is a notation indicating that this provision came from page 511 of one of the editions of May. I have not been able to find on the table that particular edition—I think it is the 13th edition to which Beauchesne is referring—but I have obtained the 15th edition of May. I find there an interesting historical review of this whole business, particularly at pages 678 to 684 or thereabouts. During the course of those pages there is a reference over to page 769.

May admits in this edition that the procedure with respect to making amendments in taxation matters has been changing through the years in the British House. But even when May says there are certain things that cannot be done, it seems to me, by implication, that that means that things not prohibited can be done. For example, let me read from page 682 of May's 15th edition:

In modern practice this view is regarded as incomplete,—

[Mr. Knowles (Winnipeg North Centre).]

I need not read what went before, but the reference is clear.

—and as requiring to be supplemented by the view that the royal initiative in taxation implies the exclusive right to define the incidence as well as the amount of burdens to be placed upon the people, and that an amendment which transfers a burden to taxpayers not previously liable is an infringement of this initiative.

The amendment of the hon. member for Edmonton West does not transfer a burden to persons not previously liable. It puts the tax on precisely the same people, and it seeks to raise the same amount of money, simply using a different formula.

In addition to the interesting paragraphs on that page and on the next page, page 683, we are invited to go to pages 767 to 769. I am not going to take the time to read those pages; what they seem to provide, in effect, is that most of the things that members had earlier been able to do without the initiative of the Crown have been ruled out in practice. However, nowhere can I find a ruling out of an amendment which proposes a substitution that in total amount is the same and which is imposed on the same taxpayers. Therefore, Mr. Speaker, it seems to me that the hon. member for Edmonton West has a case.

Mr. Speaker: I thank hon. members for their contributions and for the advice they have given the Chair in connection with this very difficult problem. In fact, I felt that since it was so complex I owed it to the hon. member for Edmonton West to discuss the matter with him before today, to indicate to him what my reservations were. I also indicated to the hon. member for Winnipeg North Centre that I foresaw some difficulty and invited both hon. members to study the matter in the same way as I did over the last few days. A protracted debate on the Canadian National Railways bill had at least the advantage of giving the Chair added time to consider this very important matter involving a procedural point, and to study it from all angles.

The Chair has been asked to consider, from a procedural point of view, the acceptability or otherwise of the amendment proposed by the hon. member for Edmonton West. As I indicated to some extent when I asked him to advise the Chair on this point, it was the precise form adopted by the hon. member in his amendment that made it difficult for the Chair to accept it. He recognizes, of course, that it might be moved in an analogous way by recent amendment or perhaps by removing some of the second part which proposes a

referral back to the committee as is the normal form of such amendments.

• (3:30 p.m.)

I recognize, of course, that there is a great deal of imagination in the amendment proposed. As the hon. member for Winnipeg North Centre suggested, the hon. member for Edmonton West has a case. The question is whether it is a good case or a bad case. I am afraid, after considering the matter at some length and giving serious thought to the arguments advanced this afternoon by hon. members, I tend to conclude that the case is not quite as strong as I would like it to be on behalf of the hon. member. The amendment he has proposed is as follows:

> That all the words after "That" be struck out and the following substituted therefor:
>
> "Bill C-155 be not now read a third time but be referred back to the Committee of the Whole with instructions that clause (i), paragraph numbered 10 be reconsidered to provide an air transportation tax on a flat fee basis to be determined by the committee as providing an equivalent return to and in lieu of the tax therein provided".

We all recognize that if this amendment were accepted as put to the House it would have a rather far reaching effect in that it would establish new principle. I recognize that we should not be afraid to accept a new principle simply because of the fact it is new, but we should look at such situations perhaps with even more attention than is normally accorded to such procedural matters. As I have said, the Chair has had an opportunity to review and study the amendment in relation to the bill, and having done so I have come to the conclusion that the amendment is irregular. I will attempt to give the reasons why I have reached that conclusion.

The proposed amendment terminates with the words "in lieu of the tax therein provided". These words, it is suggested, if they have a meaning, would direct the Committee of the Whole to delete a complete provision from Bill C-155 and substitute in lieu thereof a new taxation provision.

The President of the Privy Council has quoted Section (2) of Citation 263 of Beauchesne's 4th edition. I would agree with the hon. member for Winnipeg North Centre that this citation does not help the hon. minister's case at all. The effect of the citation would appear to support the proposition that a private member may move to substitute a taxation provision for a proposal in a Government bill provided it is estimated that the new provision would yield an equivalent in the amount of moneys to be collected. That would appear to be the logical conclusion which could be drawn from that citation. In this respect, I fully agree with the hon. member for Edmonton West and the hon. member for Winnipeg North Centre, but Beauchesne's citation is based on May's Parliamentary Practice, 13th edition. This is the authority given by Beauchesne for his citation.

However, at page 733 of May's 17th edition it is stated:

> The view which made the proposal of taxes dependent upon the demand for supply prevailed at the time when it became necessary to find a procedure which would protect the financial initiative of the Crown from being infringed by amendments. It tended to connect the royal initiative exclusively with the amount of revenue which it was the object of a tax to raise. Hence, in early editions of this book, it was stated that "the Crown has no concern in the nature of distribution of taxes". Hence, also, amendments were at first permitted which proposed the substitution of a different tax for a tax proposed by the Government (provided that both were estimated to yield an equivalent amount) on the ground that the necessity of new taxation to that extent had already been declared on behalf of the Crown. In modern practice this view is regarded as incomplete, and as requiring to be supplemented by the view that the royal initiative in taxation implies the exclusive right to define the incidence as well as the amount of burdens to be placed upon the people, and that an amendment which transfers a burden to taxpayers not previously liable is an infringement of this initiative.

The principle outlined in the foregoing citation from May's 17th edition is also set out in Section (1) of Citation 276, Beauchesne's 4th edition. That has already been brought to the attention of the Chair by the three hon. members who took part in this discussion. At page 826 of May's 17th edition it is stated:

> Amendments must not exceed the scope, increase the amount or extend the incidence of any charge upon the people, defined by the terms of the Ways and Means resolutions, as agreed to by the House, by which the provisions proposed to be amended are authorized.

The hon. member for Edmonton West raised a difficulty with which I had to contend, inasmuch as the procedure we follow now is different from the procedure on which this citation was based to the extent we have no Ways and Means resolutions but Ways and Means motions. I suggest that the House has to make a decision in connection with a Ways and Means motion in the same way which, in past years—previous centuries—decisions were made by the House on a Ways and Means Resolution, which of course limited the initiative of private members when the bill was considered at subsequent readings.

The relevant provisions in the Ways and Means motion, as concurred in by the House, on November 19, 1969 reads as follows:

That it is expedient to introduce a measure to amend the Excise Tax Act to provide

(1) that a tax of 5 per cent be imposed on each amount paid or payable in Canada for transportation of a person by air where such transportation

(a) begins at a point in Canada and ends at a point in the taxation area.

May I again refer to page 826 of May's 17th edition where it is stated:

A new clause offered in committee on a bill, which proposed to alter the incidence of income tax as between landlord and tenant, was ruled out of order on the grounds that it increased the existing charge upon one of the parties.

An amendment moved in committee on a bill, proposing to vary the method of levying a new tax, was required by the Chair to be framed in such a way as not to increase the charge which would be imposed on any individual payer of the tax.

There is little question that the purport of the amendment proposed by the hon. member for Edmonton West is to reduce the tax in respect of transportation by some persons travelling by air and to increase the tax in respect of other persons. Even if the amendment is intended to affect precisely the same taxpayers and that, in theory at least, it means to provide precisely the same amount of revenue, it would of necessity transfer a greater burden of taxation to one particular class of taxpayers or to a particular group of taxpayers. In doing so, it is suggested that the amendment is an infringement of the financial initiative of the Crown.

I realize, and I have to say this by way of conclusion, that it was not easy to reach this conclusion. I recognize that the hon. member for Edmonton West had a very strong point or argument to submit in support of his point of view. However, on reflection and after having looked at all aspects of the situation, I think it would be very unwise for the Chair to accept the amendment from a procedural standpoint. I have come to the conclusion, after studying the authors and precedents, that there would be no justification for the Chair to accept the amendment as it is drafted at the present time.

Mr. Lambert (Edmonton West): Very well, Mr. Speaker, then I will continue my remarks that I had interrupted at six o'clock on the night of—

Mr. Speaker: Order, please. I do not wish to be unfair to the hon. member, but he can pursue his remarks only with the agreement of the House in view of the fact that the amendment he proposed has been refused. Perhaps it might be the disposition of the House to allow the hon. member to pursue his remarks. Is it agreed?

• (3:40 p.m.)

Some hon. Members: Agreed.

Mr. Lambert (Edmonton West): My remarks were not terminated, Mr. Speaker. I moved the amendment and called it six o'clock. I was speaking on third reading. I had not exhausted the time allotted to me on third reading.

Mr. Speaker: Order. I appreciate the point made by the hon. member. I was under the impression he had put his motion and that was the end of his learned presentation to the House. Of course, I recognize he had called it six o'clock. If the motion was not put formally to the House, and we will assume it was not, the hon. member may pursue his remarks.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker. I was hoping that was the way you would recognize the situation.

It is not necessary that I recanvass the argument I made. I shall deliberately refrain from any comments concerning the effect of the decision. The unequivocal opposition to this type of a tax has been indicated by me in committee and by a general collection of hon. members on this side of the House. Therefore, in order to express our disapproval of it, even though this involves the whole of the bill, I would now move, seconded by the hon. member for Saint John-Lancaster (Mr. Bell) the following:

All the words after "that" be struck out and there be substituted the following—

Bill C-155 be not now read a third time but be read six months from this date.

Mr. Speaker: Has the hon. member now concluded his remarks?

Mr. Lambert (Edmonton West): Yes.

Mr. Speaker: As the hon. member has now concluded his remarks I shall now formally put the amendment he proposes. The hon. member for Edmonton West (Mr. Lambert) seconded by the hon. member for Saint John-Lancaster (Mr. Bell) moves that:

All the words after "that" be struck out and there be substituted the following—

Bill C-155 be not now read a third time but be read six months from this date.

The hon. member for Grenville-Carleton.

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, I crave the indulgence of the House to make one or two remarks which might more appropriately have been made at the committee stage. At the same time, however, I submit they are in order at this stage. The motion which has been put by the hon. member for Edmonton West (Mr. Lambert) invites the House to dispose of the measure by burying it for this session. No measure imposing a tax is popular, but I think anybody who is familiar with commercial aviation in Canada knows that the method proposed by the government for the raising of money to support airport and other necessary aids to aviation is preferable to that which has been pursued up to the present time.

The government I believe has reached the very end of the present method of paying for airports, for navigational aids and for all the other modern methods required for the safe conduct of commercial aviation in this country. Indeed, there is ample evidence that charges now levied upon operators of commercial aircraft by way of landing fees, airport rentals and other service charges at airports have almost reached the stage of no return. In many instances, these charges are entirely disproportionate to charges levied not only by comparable airports in the United States but by airports in other parts of the world. That being the case, this method of raising revenue for the support of airports and other aviation facilities has come to the point where it actually is an impediment to Canadian aviation and to the various companies providing commercial air service in Canada. For this reason, I support the principle of the bill. It is for this reason also that I understand the majority of the people engaged in commercial aviation in this country support the principle of this bill, since the effect of it is to impose a charge upon the users of commercial aviation services and not only upon the companies engaged in those services.

The original proposal made by the hon. member for Edmonton West mirrors the difficulty everybody has experienced in determining what is a fair basis for the assessment of these charges. I support the government's position. I believe it is preferable, taking everything into consideration, to levy an ad valorem tax. However, Mr. Speaker, I have some reservations which are of such a nature that I hope they will be recognized by the government when this tax is put into force and administered. This tax will fall equally upon every purchaser of an air line ticket, no matter where he flies, where his point of origin is, and regardless of the airport facilities available to him or to the company that he flies with, at that point of origin or otherwise.

Without going into great detail I can state an obvious fact. Commercial air services are carried on in this country by the various licensed operators under conditions of considerable difficulty, and indeed hardship. Those of us who live in southern Canada automatically think of the great airports located in the major cities. We do not realize that the operators of commercial aviation services provide unit toll services over the length and breadth of this country and sometimes in the very far northern reaches of Canada. There are many places in this country where there simply is not an airport. Yet, a person may buy a ticket as if he were in Toronto, Montreal or Vancouver and thereby connect himself to the whole commercial aviation network of Canada and indeed of the world. But in many of these places where these unit toll services are carried on by commercial operators on a regular basis there are not only no airports but also no navigational aids. In the summer, properly equipped pontoon type aircraft provide services from water bases. In the winter, these services are provided by ski-equipped aircraft. I emphasize that there are no airports and there are few if any navigational aids. Indeed, in many cases where there are navigational aids they have been installed by the commercial air operators.

• (3:50 p.m.)

It seems to me that it is perfectly ridiculous to impose a tax to support airports and other services upon people who use aircraft from such far northern bases. It seems to be not only ridiculous, but unfair and unjust. I might mention certain obvious points for the consideration of the government. First of all, it is an established axiom of our national policy that the development of our northern territories depends upon aviation and upon the development of a growing pattern of air services. This will not be encouraged by excessive charges on the users of such services. Also, it should be mentioned that for many people, indeed almost every person in northern Canada, aviation provides the only means of transport. It is a necessity; they have no alternative but to choose to travel by commercial air services.

This being the case, if commercial air services are not provided and there is a lack of airports and of modern facilities, why should

these people pay a tax to support the existence of such facilities? I refer to the whole of northern Canada although I know a little only about parts of it such as the Labrador, the coast of James Bay and Hudson Bay, the western arctic and the high arctic. These are all areas where commercial air services operate under conditions of difficulty that I have described, where airports are not provided by the federal government and where only minimal navigational aids exist. It is the ingenuity of the operators of such services and of the people who support them that makes it possible for these services to operate. I suggest that it is not proper to tax the users of such services, those who are most deserving, most vulnerable, and who certainly do not obtain benefits from the tax.

Therefore, I express the hope that the government, when and if the bill is passed, will take a careful look at the position of these far northern points of departure that I have described, the ones without airports and virtually without modern facilities, and will do something to relieve the users of air services at these points from having to pay the tax. I call the attention of hon. members to the fact that clause 18 of the bill gives the Governor in Council power to make regulations to cover a number of important contingencies. Paragraph (c) of clause 18 empowers the Governor in Council to make regulations which may:

exempt from the operation of this Part the transportation of a person by air on any classes or groups of commercial air services, commercial air carrier or aircraft.

I have no doubt that the wording of that paragraph is broad enough to enable the Governor in Council, acting under the authority of this statute, to exempt certain classes of air services, namely those provided from far northern points, from the application of this tax. It is my hope that notwithstanding the geat need for revenue to support the air services of this country, it will be possible to exempt northern air travellers from this tax.

Hon. Herb Gray (Minister without Portfolio): Mr. Speaker, I presume that I am in a position to close the debate.

Mr. Speaker: The minister cannot close the debate on third reading. If he wishes to speak, he will not necessarily close the debate.

Mr. Gray: Perhaps I can ask for Your Honour's guidance on a matter of order with reference to the amendment just placed before the House.

[Mr. Blair.]

Mr. Lambert (Edmonton West): Question.

Mr. Gray: I wish to ask Your Honour whether or not my rising to speak at this time might terminate the debate.

Mr. Speaker: I have just indicated to the hon. member that a speech made by the minister at this time, when there is an amendment such as the one proposed, certainly does not close the debate. As I said, the hon. member may participate in the debate now, and this might have just the opposite effect.

Mr. Gray: Thank you, Mr. Speaker. This was just a question of order on which I sought clarification.

Some hon. Members: Question.

Mr. Speaker: The question now is on the amendment moved by the hon. member for Edmonton West (Mr. Lambert). Is it the pleasure of the House to adopt the said amendment? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: I have some difficulty in deciding, but in my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the amendment (Mr. Lambert), which was negatived on the following division:

• (4:00 p.m.)

YEAS

Messrs:

Aiken	Diefenbaker
Alexander	Dinsdale
Baldwin	Douglas (Nanaimo-Cowichan-The Islands)
Barnett	Downey
Beaudoin	Fairweather
Bell	Flemming
Bigg	Forrestall
Brewin	Fortin
Broadbent	Gilbert
Burton	Grills
Carter	Harding
Coates	Harkness
Code	Hees
Comeau	Horner
Crouse	
Danforth	

Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Latulippe
Lewis
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis
MacInnis (Mrs.)
MacLean
Macquarrie
MacRae
McCleave
McCutcheon
McIntosh
McKinley
Mather
Mazankowski
Monteith
Moore
Muir (Lisgar)
Nesbitt
Nowlan
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rondeau
Rynard
Saltsman
Scott
Skoberg
Southam
Stanfield
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Thomson (Battleford-Kindersley)
Valade
Winch
Woolliams—76.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barrett
Basford
Béchard
Blair
Blouin
Borrie
Boulanger
Brown
Buchanan
Caccia
Cadieux
Chappell
Chrétien
Clermont
Cobbe
Comtois
Côté (Richelieu)
Côté (Longueuil)
Crossman
Cyr
Davis
Deakon
Douglas (Assiniboia)
Drury
Dubé
Duquet
Forest
Forget
Foster
Gendron
Gervais
Gibson
Gillespie
Givens
Goode
Gray
Groos
Guay
(St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hellyer
Honey
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Jerome
Kierans
Laflamme
Laing
Lang
Langlois
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
Lind
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
McIlraith
Marceau
Marchand (Langelier)
Mongrain
Munro
Murphy
Noël
O'Connell
Olson
Osler
Ouellet
Pelletier
Penner
Pepin
Pilon
Portelance
Prud'homme
Reid
Richard
Richardson
Roberts
Rock
Roy (Laval)
Ryan
Serré
Sharp
Smerchanski
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
Sullivan
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whicher
Whiting
Yanakis—116.

Division

• (4:30 p.m.)

Mr. Speaker: I declare the amendment lost. The question is on the motion for third reading. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

Mr. Speaker: Carried on division.

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

INCOME TAX ACT

AMENDMENT TO CONTINUE SURTAX

Hon. Herb Gray (for the Minister of Finance) moved that Bill C-139, to amend an Act to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole.

He said: Mr. Speaker, this is the third of the bills arising out of the budget of last June. Its purpose is to continue during the 1970 taxation year the 3 per cent surtax which was approved by parliament in 1968 for the taxation years 1968 and 1969.

The House will recall that in his budget statement last June 1, the Minister of Finance (Mr. Benson) said that in addition to a restrictive monetary policy he was convinced, and I quote, that "maintaining a strong fiscal position is now essential to check the rise in prices and smooth the way toward more balanced and sustained economic growth." He went on to say he was not proposing any increase in either personal or corporate tax rates beyond their current levels, or an increase in sales tax, but he was proposing that the surtax, to which I have just referred, on both personal and corporate income taxes originally applicable for the taxation years 1968 and 1969 should be extended until December 31, 1970.

The surtax on individuals applies only to the amount of basic tax in excess of $200 and

it is estimated that about 2,500,000 taxpayers, or about 30 per cent of the total number of taxpayers, will be exempt from this tax in 1970. In the case of corporations, the surtax is 3 per cent of the corporation's tax before reduction by the provincial abatement and before adding the old age security tax. May I conclude therefore by asking the support of the House for this bill at this second reading stage.

An hon. Member: Carried.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I do not know whose was the hopeful voice I heard coming from the government side. I thought I recognized the hon. member for York Centre (Mr. Walker) who is the automatic reactor button which says "Carried" when these measures are brought before the House.

But what are we being asked to do? We are being asked to carry into a new taxation year a surtax which had what was perhaps the most infamous origin of any tax placed before parliament. This is the tax which was finally brought back after a performance of which any government might be expected to feel dreadfully ashamed. It was brought back after its defeat in 1968, when, aided by we do not know what sort of legerdemain, the government was able to assure itself of sufficient support to obtain reconsideration of a measure on which it had been defeated.

Not only was the government unsuccessful in its first attempt to bring back the tax; it had to start again. That was the year of mismanagement, and we still have the mismanagement with us. This tax was imposed as a surcharge in order to put Canada's financial affairs in order. I see in his place the former Minister of Finance who was faced with pressure from the international money market and criticism from the International Monetary Fund. Canadian finances were running at unheard of deficits; their operation was in total disorder.

• (4:40 p.m.)

Then followed the defeat. Both the former Minister of Finance and the present Minister of Finance came to this House wearing sackcloth and ashes, saying they would be good boys in the future; that as a result of this surcharge, the cutting back of some $400 million to $500 million of estimates and restrictions on the public service, they would be able to do a much better job. Then, the present Minister of Finance brazenly stood up in the House and said that, with all of these measures, he could guarantee a balanced budget and that the government would have its house in order.

We know what happened. Off went the members of the House to an election. When they returned, the government tabled revised estimates in the month of September, indicating they were going to be $400 million in the red. When they brought in the interim budget in October 1968, this budgetary deficit had increased to between $700 million and $800 million. So much for the computers that the present Minister of Finance said would assist the government. They were to eliminate problems with the supplementary estimates because, from then on, they would be handled much better.

Mr. Olson: Tell us about June 1962.

Mr. Lambert (Edmonton West): I can tell the hon. gentleman a great deal. The hon. member was so far out on the prairies that he did not even know what was happening. He has the greatest misconception of what in fact happened, because in 1962 the Minister of Finance predicted the size of his deficit. But never was there practised the outright misrepresentation that the government had the effrontery to make in this House in early 1968. When attempts were being made to justify this misbegotten government's hanging on to power at any price, even the principles of parliamentary government were prostituted.

Today the whole raison d'être for this 3 per cent surcharge has gone. We are told it is being retained to maintain revenue. Government expenditure has, of course, gone up fantastically since 1968. I recall that in 1968 we were dealing with a budget that was well under $10 billion. We know what the estimates for this year are. The main estimates total some $11,857 million, a mere $900 million increase over last year. We have just passed the first "supps" totalling about $66 million. There will be another set of "supps" before we get the final supplementaries in March. I would say that the total will easily reach $12.5 billion, give or take a few million.

This is the government that is supposed to be watching its expenditure. In view of some of the things that have been happening in the Prime Minister's (Mr. Trudeau) office and in the Privy Council, involving expenditures on equipment, accommodation and salary increases that are sheer prodigality, I should like to see exactly what the amount of the

final supplementaries will be. Other ministries are having to put staff out on the street, but the Prime Minister's office has become the haven for high-priced help.

We are being asked to continue this 3 per cent surcharge next year. Let us not forget all of this fancy doubletalk in the white paper on taxation, which incorporates this surcharge in a new standard charge. No longer will it be a surcharge. What was supposed to be a temporary measure, subsequently further lengthened, will become permanent. The Canadian public is fed to the teeth with taxation and super-taxation, which is what this measure is proposing.

I would have thought that hon. members opposite who have some concern for our economy would be aware that last year 37 per cent of the gross national product was taken by the public sector. By that I mean the federal government, the provinces and the municipalities. Within five years their share will rise to 41 per cent of the gross national product. I have it on good authority, from studies made by persons far more competent than any of us in this House, that in order to get this 4 per cent increase in the share of the gross national product that is taken by the public sector, 45 per cent of the gross national product will have to be taken.

This is frightful to contemplate. Quite apart from inflationary factors, within five years the public sector will take 45 cents of every additional dollar of goods and services produced in this country. Is this an incentive to the Canadian economy? The reason the white paper is bereft of all incentive is that it contains philosophies such as that represented in the principle of this bill, which seeks to continue the surcharge.

I have no hesitation whatever in opposing this measure. Therefore I move that:

All the words after "that" be struck out and there be substituted the following:

Bill C-139 be not now read a second time but be read six months from this date.

• (4:50 p.m.)

Mr. John Burton (Regina East): Mr. Speaker, in my view Bill C-139 to extend the 3 per cent surtax for another year demonstrates the bareness and sterility of the Government's approach to economic affairs and the management of the nation's economy. It demonstrates in my view, as nothing else can, the incapacity and the inability of the Government to manage public finances and the nation's economic affairs.

This bill was first announced in the budget speech on June 3. At that time the Minister of Finance (Mr. Benson) made it clear that the purpose of extending the 3 per cent tax was not for revenue but for economic stabilization. He stated, as recorded at page 9417 of *Hansard* for June 3:

It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

The Government failed to have this bill brought before the House at that time. It chose to debate the rules instead. Now, the situation has changed since six months have elapsed from the time the government first proposed this measure. Last June, the budget speech of the Minister of Finance listed a number of factors which led to the government's decision to extend the surtax. The economy was demonstrating a strong performance in his view and on the basis of his analysis prices in Canada were continuing to climb. In addition, there were strong international pressures. That situation no longer prevails. The gross national product is now growing at a slower rate, consumer demand is slackening, unemployment is rising and the government's anti-inflation campaign has now proven to be a colossal flop.

Unemployment is now at a seasonally adjusted rate of more than five per cent and will likely rise to seven per cent or eight per cent before spring. Prices are still rising at an annual average rate of almost 4½ per cent. The government's budgetary surplus rose to almost $850 million by the end of October in respect of the 1969-70 fiscal year. Furthermore, the continuation of this tax is simply a perpetuation and extension of an unjust tax system. The white paper on taxation admitted that the present system is unjust. The time to start tax reform is now, not some day in the future.

The Government's willingness to extend and continue the present tax system, and its unwillingness to introduce some of the obvious benefits of its tax proposals, is not a good portent of things to come. The government's reluctance can only mean that it is prepared to see its white paper proposals further butchered before they take effect. This can only mean that the lower and middle income tax groups in Canada will be hurt still more.

There is still another reason the government may want to continue to surtax into 1970. The hon. member for York South (Mr. Lewis), when he spoke on the resolution to

refer the white paper on taxation to the Finance, Trade and Economic Affairs committee, noted the probable timetable of tax changes. He suggested the white paper would be studied until some time in 1970; tax changes would be introduced in 1971, and whatever benefit there may be for some people would become apparent when they file their income tax returns in the early part of 1972, just prior to a federal election.

However, if the Government did not continue the 3 per cent surtax into 1970, rather than allowing it to expire December 31, 1969, many people would find their taxes reduced by not as much as the Government now claims in its white paper or they would find their taxes increased by more than is shown in the white paper. This bill is part of a grand design to manipulate Canada's tax affairs in a way that will help the Liberal party at the next federal election. This bill is an attempt at subterfuge and illusion on the part of the Government. This proposal has had a very chequered history, as has already been indicated. The original legislation was to expire at the end of 1969. In his budget speech of last June, the Minister of Finance indicated that he wanted to have it renewed for reasons which, I have already indicated, no longer apply. This measure failed to pass at the last session not because it was held up in any way by the members of this House, but rather because the Government chose to debate the rules instead. The Government wanted to get its own way in respect of the iniquitous rule changes it was attempting at that time to foist upon the House, and eventally had to use the closure measure to achieve.

The present session commenced on October 22. One month later the Government finally got around to introducing this bill to put into effect this budgetary proposal of last June. Almost another month has gone by before we have been asked to debate the measure. I should note that this has taken place after the white paper on taxation has been published, and thus this proposal has been eclipsed. I assume there may have been some members supporting the government who thought that possibly one of the best ways of slipping this measure through this House with the least possible public attention would be to wait until the white paper on taxation had been published.

The Acting Speaker (Mr. Béchard): Order, please.

[Mr. Burton.]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty pursuant to Standing Order 40 to inform the House that the questions to be raised tonight at the tme of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—Post Office—December Saturday delivery; the hon. member for Vancouver Kingsway (Mrs. MacInnis)—Consumer Affairs—accident caused by spilling of sulphuric acid from toy car; the hon. member for St. John's West (Mr. Carter)—National Defence—Base Consolidation—Effect on maritime provinces.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely private bills, notices of motion (papers), and public bills.

PRIVATE BILLS

STATEMENT ON DISPOSITION OF BILLS

Mr. J. A. Jerome (Sudbury): Mr. Speaker, I would ask with the consent of the House that the bills appearing in my name stand.

The Acting Speaker (Mr. Béchard): Is it agreed by unanimous consent?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

CORRESPONDENCE BETWEEN GOVERNMENT AND ELECTRIC REDUCTION COMPANY

Mr. Walter C. Carter (St. John's West) moved:

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all correspondence between the Government of Canada, Bedford Institute of Oceanography, and the Government of the Province of Newfoundland or any of its agencies regarding the establishment of the Electric Reduction Company phosphorous plant 1 at Long Harbour, Placentia Bay, Newfoundland.

He said: Mr. Speaker, on June 3, 1969, I caused to be placed on the Order Paper a Notice of Motion for the production of copies of all correspondence exchanged between the

Government of Canada or any of its representatives, the Government of the Province of Newfoundland, the Bedford Institute of Oceanography, and the Electric Reduction Company of Canada relating to the establishment of the Electric Reduction Company phosphorus plant at Long Harbour, Newfoundland.

At about the same time, the hon. member for Kootenay West (Mr. Harding) had a somewhat similar motion placed on the Order Paper wherein he requested copies of correspondence, etc. between this government and the Electric Reduction Company of Canada. His motion did not make any reference to copies of correspondence between the Government of Newfoundland or the Bedford Institute of Oceanography. My motion was subsequently set aside.

• (5:00 p.m.)

In the realization that the information I sought was not that which was supplied to the hon. member, I had my original motion reintroduced. Unfortunately, however, for reasons which I believe are obvious, it was not accepted by the government and hence this debate. A great deal has been said in recent weeks about pollution. Fears have been expressed concerning supertankers, dangerous oil waste and so on, as well as the chaotic effect this would have on marine life around the coast. I agree that a very serious threat does exist. I feel it is incumbent on this government to take every possible precaution against such an eventuality. The people of my riding, St. John's West, have first-hand knowledge of pollution and what it can mean. That is the reason I am anxious to have all available information on the Long Harbour Tragedy. What happened there this past year is our tragedy. A large number of people were deprived of a chance to earn a living. Their livelihood was very seriously affected and for a while completely destroyed by the pollution of the water in and around Placentia Bay by the Electric Reduction Company of Canada.

I feel these people have suffered to a very great extent and are entitled to have the complete facts concerning what happened and what steps should have been taken by this government, perhaps by the Newfoundland provincial government and by the company which caused the pollution. As I said before, I am anxious to have all the information which is available, including copies of all documents and letters exchanged between the government of Canada, the government of Newfoundland, the Bedford Institute of Oceanography and the Electric Reduction Company of Canada.

In the light of certain correspondence between the federal Department of Fisheries and the manager of the Electric Reduction Company, I am left with no alternative but to state that this government acted in a completely unbelievable and irresponsible manner with regard to the establishment of the Electric Reduction plant at Long Harbour. I have a letter dated January 9, 1967 to the Electric Reduction Company manager from the Regional Director of the Department of Fisheries in which the regional director in effect admitted that his department was incapable of making detailed predictions concerning the probable effect of the waste from the Electric Reduction Company plant on fish life in the receiving waters.

However, after admitting that they were unable to make proper predictions, he did inform the management of the plant that his department would not object to the plant's waste disposal system provided certain requirements were met. I believe it is quite obvious to all of us, particularly the people whose livelihood was destroyed because of this terrible tragedy, that the requirements laid down by the Department of Fisheries were completely inadequate. The results are well known to members of this House, and I suppose to all people of Canada. Certainly, they are well known to the people whose livelihood was affected by the waste from that plant. I suggest that the Department of Fisheries was prepared to gamble with the fishing industry of Placentia Bay and St. Mary's Bay. Indeed, if one realizes the ramifications there could have been, I would go a step further and say that the Department of Fisheries was quite prepared to gamble with the fishing industry perhaps of eastern Canada because what happened in Placentia Bay could very well have ruined the fishing industry of the entire Atlantic coast.

I realize that certain things have been done for the fishermen whose livelihood was affected, but I do not think it will be possible for either the government or the company to reimburse these fishermen completely for what happened this year as a result of this pollution problem. There are people who are still suffering and who will continue to suffer for the rest of this year and perhaps later because of the terrible gamble this government and the Department of Fisheries took in

dealing with the waste material from the Electric Reduction Company plant at Long Harbour.

Therefore, Mr. Speaker, as the member for the riding in which the people were seriously affected, I feel I am entitled to all the information and all the correspondence that was exchanged between this government, its agencies, the Bedford Institute of Oceanography, the government of Newfoundland and the Electric Reduction Company of Canada. As I said before, because a similar motion had been made by another member my original motion was set aside. I believe there are many questions which have not been answered so far as this pollution tragedy is concerned.

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, perhaps I should begin by saying to the hon. member for St. John's West (Mr. Carter) that the department and the government have no intention of withholding any correspondence relating to this very important subject. Earlier, it was indicated to the hon. member and to others that we would have to obtain the permission of the government of Newfoundland before we could table all the correspondence. This permission was sought and we were told at the time that the government of the province of Newfoundland would prefer to withhold the correspondence until after the matter of compensation to the fishermen of the Placentia Bay area, which was then before the courts, was dealt with by the courts. Subsequently, indeed within the last two weeks, a settlement was reached out of court and the fishermen in question have had assurance that they will be compensated. The matter is no longer before the courts and we are therefore in the process again of endeavouring to obtain the consent of the province of Newfoundland to table all the correspondence involved.

I do not want the hon. member for St. John's West or any other member to feel we have anything to hide in this connection. Indeed, I would go so far as to say we are very proud of the people in the Department of Fisheries and the Fisheries Research Board who worked on this problem over the past year. We have a situation today at Long Harbour, which is a small harbour off Placentia Bay, where, looking back on what has been a very difficult situation over the last 12 months, we have the best of both worlds. The plant is operating again. There are some 400 plant employees receiving pay cheques for gainful employment at the plant. The fishery is back in reasonably good shape. So far as we can determine the fishery is in as good shape as it has ever been.

We have passed through a very difficult year for the fishermen and a very difficult year so far as measures to control pollution in that area are concerned. The hon. member for St. John's West mentioned a letter which is attributed to one of the members of the staff of the Department of Fisheries which was written and sent to someone I believe in the Electric Reduction Company in January of 1967. I hope I am correct. That was a year or so before I became minister. The letter relates to correspondence between the Electric Reduction Company and the federal Department of Fisheries. I am simply going on memory and this can be confirmed by the actual correspondence when it is tabled, but the Electric Reduction Company applied to the provincial government and to the Department of Fisheries as well as to other federal departments for authority to build a plant, and to have access to certain funds, rights and privileges. In this application, there was an explanation of their process and what the company expected to be the character of the effluent from the plant. A letter describing the nature of the effluent did come to our department. Looking back on that correspondence, I think the people in our department would say that it was not complete, that it did not contain a full and adequate description of what turned out to be the effluent from the plant.

• (5:10 p.m.)

In any case, our federal scientists and engineers reviewed the information supplied to them, checked the site and the process, and so far as they could determine from the plans outlined by the company there was not any danger of contamination of those waters or of the poisoning of large numbers of fish. I think we can say in retrospect that the information which the department received then was not a proper forecast of what in fact occurred. Certainly, it was not a good indication of the character of the effluent which did in fact leave that plant during its early starting-up phase. As a result of colloidal phosphorus being found in the effluent—and my recollection was that there was no mention of the possibility of colloidal phosphorus being in the effluent in the correspondence sent in by the company—a large number of herring were killed; cod were seriously affected, and other marine life was destroyed.

Perhaps I should review the situation at Long Harbour. I should begin with the brand new $40 million facility at Long Harbour which started up 12 months ago. It started up and was shut down intermittently as teething problems in the plant were encountered and overcome. There was an early fish kill, then there was no kill; then, there was a second and eventually a third kill. Immediately after the first kill our own Fisheries Research Board people went to the site and from early January stayed on continuously. Within a few days we had a large number of fishery scientists, biologists and engineers on site. They were baffled for some time because they did not know the precise nature of the pollution, and for reasons which will become obvious they were not able to pin down say for certain that the source of the pollution, was in the plant.

The position in which the department was at that time, and still is today, is that unless you have not only evidence of fish killed but can definitely prove the cause of the fish kill, you cannot prosecute. This is the position under the Fisheries Act at the present time. This is one of the reasons why we want to up-date, amend and improve the Fisheries Act, that is, we want to put teeth in it.

Our scientists were also in the difficult position of finding that fish in cages at the very outfall of the plant did not die, so that they were unable to prove definitely within the first few weeks that the plant was the source of pollution. This was eventually established and the plant, which never ran for more than a couple of days at a time, was shut down as a result of an understanding with the Department of Fisheries and Forestry.

It did not start up again untill all the effluent was contained on the plant property, was treated in ponds on the plant property, and any water and other waste material likely to contain elemental phosphorus was recirculated within the plant and recovered within the property of the company itself. It was found that elemental phosphorus was the cause of the pollution; also that it was far more toxic than it was ever thought to be. No reference in the scientific literature which could have been turned up at the time indicated the degree to which this particular substance, colloidal phosphorus, was poisonous to fish and other forms of marine life.

We have a situation today where the effluent is totally recycled within the plant. There is no elemental phosphorus escaping from the plant, nor can it possibly escape. The bottom of the harbour has been dredged out to remove any of the phosphorus material which was deposited there. This is the situation with regard to the plant.

I believe the government moved expeditiously. We called a halt to fishing in the area. We made provision for compensation for the fishermen. Not only did we buy all the fish that could possibly have been contaminated by phosphorus over a very wide area—not just Long Harbour but the whole of Placentia Bay—so that the fish would not get on the market and affect the reputation of fish from Newfoundland or from eastern Canada, but also our officers went to every fisherman whose means of livelihood had been cut off and arranged for payments to him to be made on the basis of his previous year's income. So the taxpayer of Canada, in effect, helped to carry each fisherman over the difficult period until fishing could be resumed. Fishing was interrupted for roughly two months and resumed again in July.

There was some scepticism as to whether the fish would be all right, but later it was proved that there was no problem. Again, the fish were held off the market to ensure that there was no threat to human health or to the livelihood of the fishermen.

Subsequently, settlements have been reached between the Electric Reduction Company and the fishermen. On the basis of earlier assessments by the Department of Fisheries and Forestry, the company offered to pay individual fishermen twice as much as had been loaned to the fishermen by the government. Close to half the fishermen accepted that payment and, I understand, signed a paper which in effect said that this put an end to their claims. Whether or not this is a good thing, it happened. However, a larger number of fishermen decided to band together. They retained counsel and launched a law suit against the company. In their case, a settlement has been arrived at which is of the order of two and a half times the loan which the federal government made to carry the fishermen over the two months interval in which they were forbidden to fish in Placentia Bay.

So, the fishermen have been in receipt of moneys for the fish which they caught and in relation to saleability, about which we were concerned, they received a loan from the taxpayers of Canada to bide them over the two months period when they were not allowed to fish. Then, they received a subsequent settlement from the company. It has been a very

uncertain year for those fishermen, but it has not been a year without income for them. We cannot be sure whether or not there is a serious long term effect in Long Harbour and in Placentia Bay on the marine life there. However, our scientists are quite optimistic in this regard. They have carried out a number of tests, and if there is any further evidence of pollution, we will get the company to clean it up at the company's expense, as it has done in the past.

• (5:20 p.m.)

No taxpayers' money has gone into cleaning up facilities, or cleaning up the bottom of the harbour itself. I do not think the reputation of Newfoundland fish has been seriously damaged. I am sure the hon. member for St. John's West will tell us there are individuals in the area of Placentia Bay who are very concerned about the events of the past year. It will be a considerable time before they are convinced that the situation is in fact good, that the marine life is no longer threatened by the plant and that no irreparable damage has been done. Looking back, Mr. Speaker, it can be seen that we had on our hands a very difficult situation from the point of view of the fishermen. But I think it has been handled in an efficient way, although admittedly on a hand-to-mouth basis, and the fishermen have had a reasonable income in relation to the income they have earned from the fishery in previous years.

There is the much larger question of how we are to deal with pollution in the future. I think we now know how to deal with plants making elemental phosphorus. There had been little experience in the world with such plants, and indeed no such experience in Canada. In future we must insist that phosphorus plants treat all their effluent on their own property, and that nothing leaves the plant that would in any way be deleterious to marine life. We have to treat other chemical processes in the same way. We will have to be much more attentive to future effluents. We shall have to look at plants elsewhere in the world to see if there are parallel situations, although I understand that in this particular case there was no parallel situation elsewhere.

I must return to the unsatisfactory position in which the Department of Fisheries finds itself. We do not have legislation which is in the form necessary to deal effectively with pollution ahead of the event. We do not give a licence to a firm to carry on a given practice, to install a given process. Under Canadian law the Department of Fisheries has monitored events, discussed matters and indicated to companies what was tolerable and what was not, what concentrations of material should be discharged into the marine environment and what should not. But it has not been in the position, under Canadian law, of being able to prevent an installation from taking place, or indeed to prevent a given practice being followed, unless such practice resulted in damage, and in most cases damage to the commercial fishery.

In the future, Mr. Speaker, with an amended Fisheries Act we will be able to point to standards which must be met in terms of parts per million of the effluent, effluent standards which can be shown to companies which are about to instal new plants, standards they must meet, and standards which if they are not met will lead to prosecutions by the Crown. This is the character of the amendments to the Fisheries Act which we will be bringing forward later this session.

In conclusion, Mr. Speaker, there was correspondence back in 1966 and 1967 concerning the setting up of this new phosphorous reduction plant in Newfoundland before construction actually began. There was correspondence which related to the possibilities of pollution. The effluent was described. In my opinion the description of the nature of the effluent was not such as to reveal what was likely to happen and did in fact happen. We learned by experience what can happen and what in fact did happen at Long Harbour. It has been unfortunate experience. It has been an extremely unfortunate experience from the point of view of the fishermen. But I think that during the short time I have been minister we have done everything we could.

The first thing we did was identify the source of the pollution. We moved to get the plant to shut down before we had a legal case, months before we had what one would call sufficient evidence for a prosecution. The company co-operated by shutting its plant down and installing all the facilities which we advised were necessary to treat the effluent on its property. In the meantime we helped to carry the fishermen over a difficult period, and in recent weeks they have been receiving compensation from the company. Whether this compensation is sufficient in the eyes of the fishermen I cannot say, but we have done something novel. The taxpayers of Canada have carried these fishermen over a difficult

period in which pollution interrupted their livelihood. I hope the fishermen themselves will recognize this, and that they will repay our loans so that this procedure of the Canadian people helping fishermen over a difficult period can be repeated if we ever run into a pollution problem of this kind again.

I hope we will be able to anticipate situations such as this and prevent them, although we can never be sure. With an amended Fisheries Act we will be able to move with certainty. We will be able to draw up guidelines, and with increased staff and increased competence we will be able to monitor situations like this to make sure that a Placentia Bay problem does not recur.

Mr. Barnett: Mr. Speaker, the minister referred to anticipated events. Can he tell us in a few words what has been done to anticipate possible pollution from the oil installations which I understand are in the process of being placed in the Placentia Bay region?

Mr. Davis: The department endeavours to keep abreast of industrial development, to watch situations where new mines are opening up, where new processing plants are about to be installed, where new manufacturing operations are beginning and to contact the firms in question. But in the great majority of cases—I would say in 99 cases out of 100—where the chemical industry or a major mining operation is involved, the companies come to the Department of Fisheries and Forestry. We have the biologists, the people competent to assess the marine resources, who are in the best position to say whether the effluent will affect fish life.

The Fisheries Research Board and other officers in the department can express opinions as to whether the effluent will be harmful. A company then instructs its engineers to design its pollution treatment equipment to meet the standards which our biologists set. This is being done more or less on an informal, ad hoc basis, particularly in British Columbia.

Today no company in its right mind which has any expectation of discharging a toxic substance or any other effluent which is harmful to fish, into waters over which we have any direct jurisdiction, would pass up the opportunity of talking to our people first and of making sure that what is likely to be discharged will not incur a fine or cause serious damage to fish and other forms of marine life. This type of liaison is growing. It is being developed by the companies in self-defence, but there is also novelty here. This is a new trend. It is a new kind of liaison confined to the last few years. Companies now come to the fisheries department to talk about their problems and to do the right thing. This is all to the good, but I still think we need a Fisheries Act with teeth in it and we need more staff to be able to administer this aspect of pollution control more effectively.

• (5:30 p.m.)

Mr. Carter: Mr. Speaker, I wonder if I might ask a question. The minister stated that his department did not have enough knowledge to prevent this type of pollution. I wonder if he would not agree that in light of experience with similar plants in England and one in Ontario, the department should have imposed more stringent regulations to prevent the problem arising to the extent it did last year in Placentia Bay.

Mr. Davis: I think the hon. member is right to the extent that if the department had known what it knows now, when Electric Reduction Company first applied a couple of years ago it would have insisted that the effluent be kept within the plant. I am quite sure that in future when our people are approached for an opinion by a chemical-type industry, they will demand that any waste material leaving the plant is in the safest possible condition and that the maximum treatment occurs within the plant itself.

Hindsight is wonderful, but a lot has been discovered in the last 12 months about the operation of phosphorus plants which was not known previously. We have investigated a few situations both in this country and overseas where there has been negligence, and it seems that no one was overly concerned about the effects of phosphorus in those places. Now everyone is. They will be in the future if a similar installation is proposed elsewhere.

Mr. Frank Howard (Skeena): Mr. Speaker, you have been extremely generous, and I think properly so, because the subject matter raised by the hon. member for St. John's West (Mr. Carter) and dealt with by the minister extends beyond Placentia Bay and beyond the Electric Reduction Company plant. The minister recognizes this.

As the minister said, hindsight is a wonderful thing to fall back on, but generally speaking we do not seem to learn from it how to take proper precautions for the future. It

seems logical that if Electric Reduction Company has been able to maintain the effluent within its own plant, reducing the phosphorus there and discharging clean or non-polluted water into the ocean, the same process could be used in other types of industrial operation. This would apply, for instance, to pulp mills, mining operations, concentrators and industrial plants from which chemicals and water are discharged, that is, waste and pollutants, at the same time.

Surely there is available to chemists and engineers the techniques with which to meet the demands of the biologists and ecologists. In this day and age the Department of Fisheries should be able to solve problems of pollution within its jurisdiction. The federal government should face its responsibilities and not hide behind the constitution in this regard. Today more and more people are interested in preventing pollution and preserving the products of nature. It is regrettable that our constitutional structure permits practically all levels of government to place the responsibility on others. We should not permit this type of constitutional buck-passing.

Unless we control pollution in our total environment and maintain a proper ecological balance, we will bring upon ourselves something far more destructive to humanity than atomic war, which is itself awesome and terrible. Many studies have been made, in isolation, in cases where the balance of nature has been upset by effluents, sewage, pollutants, detergents and many other industrial substances. These studies indicate that pollution is destructive of humanity. They also indicate it is very destructive of foodstuffs obtained from the ocean, which seems to be almost limitless in its capacity in this regard. It is nevertheless being destroyed piece by piece.

I do not want to go too far in this direction, Mr. Speaker, because the wording of the motion is rather confined. But the minister has raised an extremely important subject. He spoke of the necessity of having a Fisheries Act with teeth in it. I am sure the only opposition to this concept would come from vested interest groups such as some of the pulp companies in my province. There is a company in Prince Rupert, in my constituency, which has created havoc with the plant life in the area and which continues to pump effluent into the supposedly limitless food-bearing capacity of the ocean. We cannot permit this sort of thing. The Fisheries Act should be made, and efficient the minister will not find any great objection raised if he tries to plug the loopholes. When the minister mentioned this matter to the fisheries committee last spring, I thought he was talking in terms of the present session. There should be no delay in introducing this type of legislation so that the question can be dealt with in respect of both new and old operations.

• (5:40 p.m.)

The minister said that perhaps these companies react out of fear or self-defence; that the threat of punishment or a fine is sufficient to make them consult officials of the department. In many instances this is probably the major deterrent, and it is not a moralistic concern about our environment. I think that only the threat of some form of punishment will work. We need forceful and determined means of impressing upon these companies that they now operate industrial plants which are destructive of life forms. They must not dump fluids and chemicals into our oceans and freshwater systems. As the minister knows, they are destroying plant and animal life.

The minister, provincial governments and people in various political parties have said the only way to deal with these companies is to tell them, "You are doing something which is criminally wrong, in the broad sense of the word." A reasonable time limit must be set. If the engineers and the biologists in the minister's department feel that six months is an appropriate period of time, the government must say to these companies, "You have six months to clean it up. Put in pollution-control systems. We want pure water coming out the other end, or we will shut you down." This would be sad for the employees and the economy of the area, but if we do not take such steps, within 15, 20, 30 or 50 years we may well have destroyed human life.

We hear about the inability to find the millions of dollars necessary for pollution control. We cannot delude ourselves any longer about the inability to find the money. We simply have to find it. For all the good it does, we could in the interest of preserving humanity scrap the entire budget of the Department of National Defence and put the money into pollution control; we would be doing society and humanity a great deal more good than using it for the Department of National Defence. That is only an example. The money is available within the structure of government.

The minister says he needs a larger staff in order to prosecute fully what he concedes should be the force of the Fisheries Act and its pollution-control provisions. If the minister needs more staff, we should not permit any false economy measures of the Minister of Finance (Mr. Benson) to impinge upon that concept. We should not permit ourselves to be blinded by the across-the-board cut-backs in money that is available to a department. In some departments money is wasted and does not bring to society the full benefits that it should.

Action under the Criminal Code has been advocated as a better system of correcting this situation. We could have a declaration by Parliament, because pollution control is in the national interest. There is one department of government that appears to have the authority, jurisdiction, power and desire to deal with this matter. I am, of course, referring to the Department of Fisheries. We should not be penny-pinching because the life that we all know is at stake. Humanity could very easily disappear. We as one section of government, and there are others involved throughout the world, have the authority to do something about the situation. If we do not, we are simply contributing to the decline and fall of the human race, to the destruction that is caused by pollution.

Mr. Thomas M. Bell (Saint John-Lancaster): I would like to say something on this subject, Mr. Speaker, particularly in view of my well-known interest in the conservation of Atlantic salmon. My remarks will take quite a while, and as it is nearly six o'clock I wonder whether the House would agree to call it six o'clock.

Mr. Deputy Speaker: Is that agreed?

Some hon. Members: Agreed.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

INCOME TAX ACT

AMENDMENT TO CONTINUE SURTAX

The House resumed consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-139, to amend an Act to amend the

Income Tax Act, be read the second time and referred to the Committee of the Whole.

Mr. Burton: Mr. Speaker, before this debate was adjourned at five o'clock I had an opportunity of discussing the bill before us for a few minutes and I dealt with three main points. The first was that the tax system now in existence is unjust. This has been admitted in the white paper on taxation which the government has tabled. An interesting collection of levies, surcharges and other taxes has been superimposed on this structure, adding to the confusion and to the inequities which exist.

The second point I made was that the purpose for which the extension of this tax into 1970 was proposed is now outdated. The Minister of Finance made it clear on June 3 that the proposal had been put forward, not to secure government revenue but rather for the purpose of stabilizing the economy. I believe the situation has changed since that time and that this reason for imposing the tax for a further year is no longer valid.

Third, I suggested that this bill was part of a grand plan devised by the government, in connection with its tax proposals, to leave the impression with the Canadian electorate, perhaps in the early part of 1972, that the new tax proposals were a big deal, affecting a reduction, when in many cases the reduction would not benefit the taxpayer to the extent suggested in the white paper which was recently tabled. As we see this charade taking place, I wonder where the backbenchers on the government side are, the great silent majority—

An hon. Member: They are in Manitoba. Where are those on your side?

Mr. Burton: They are going along with these government proposals, content to see nothing, hear nothing and do nothing. They sit across the way and they watch the circus.

An hon. Member: We are watching it now.

Mr. Burton: They can loll in their comfortable pews while they may, because I believe they do not have too long to enjoy this farce. The day of reckoning is coming; the Canadian public is becoming increasingly impatient with the proposals of this government.

Mr. Mahoney: Author?

Mr. Burton: The hon. member asked me who is the author of this. I am the author—

Mr. Macdonald (Rosedale): That is painfully obvious.

Mr. Burton: —except for some remarks of the Minister of Finance which provide the foundation for concluding that this tax should not be proceeded with at the present time.

The bill before us is being introduced in the shadow of the white paper on taxation. Hon. members will notice that I am not using the phrase "tax reform". It is a white paper on taxation, or on tax changes. The government would have us believe that it intends to reach this never-never land of tax reform. Some people may believe it is taking shape in some of the proposals placed before the House this session, but I predict that whatever proposals are put forward they will be worked over by a bulldozer before they become reality, a bulldozer manned by the economically powerful, even though some minor benefits may accrue to the Canadian people. The evidence is in the bill before us; this measure is one further step in perpetuating the present tax system.

The white paper admits that the present tax system is unjust. But instead of the government taking the attitude that it intends to do better in the future, instead of following the injunction "Go, and sin no more", tax reform is put off until some time in the future. It seems to me that if there is indeed a resolve to reform the tax system, the time to begin is now, first by not proceeding with the measure before us and, next, by introducing some of the minor items in the tax proposals which all members agree are to the benefit of the Canadian people. Instead, the approach taken by the government throws doubt upon the whole question of the firmness of its resolve to improve the system or to even hold the line put forward in the half-baked approach of the white paper proposals.

It is obvious that pressure groups have been able to get the ear of the government—groups which are economically powerful. They got the ear of the government even before the white paper was produced. My prediction is that these proposals will be further butchered before any enactment is placed on the law books of the country. One of my reasons for reaching this conclusion is the approach taken in the bill now before us. Some might consider this measure to provide for the extension of a tax. The fact is that when the government introduced it in the House of Commons about two years ago, it was made clear that it was to apply to 1968 and 1969. Those were the two years in which it was to take effect.

[Mr. Macdonald (Rosedale).]

Now the government has decided to apply a 3 per cent surtax in 1970. The bill is really the latest hoary chapter of a sad and tragic story of Liberal fiscal mismanagement and bungling. Like the hon. member for Edmonton West (Mr. Lambert), I took the opportunity to do some research; I read the record in connection with this matter. Some hon. members will recall that on November 30, 1967—before I came into the House—the then minister of finance, now Secretary of State for External Affairs (Mr. Sharp), presented a budget statement in which he said, as reported on page 4906 of *Hansard* for that date:

• (8:10 p.m.)

I come now to my tax proposals. My first proposal relates to the personal income tax. I am asking the house to approve a special surtax of 5 per cent on the amount of the basic tax assessed on an individual in excess of $100. This surtax will take effect January 1st and would remain I expect until we have completed the transition to a slower rate of growth of expenditure or until economic and financial conditions call for a change in our fiscal policy.

I suggest that that last statement should be noted. The resolution was introduced in the House of Commons on December 14, 1967. Later, the minister introduced the bill in the House and on February 6, 1968, the measure came up for second reading. The remarks of the Minister of Finance in dealing with this important measure on second reading consisted of six lines. Then something happened that I suggest some members on the other side of the House will recall with a shudder. On February 19, 1968, the government's bill was defeated by a vote of 84 to 82. At that time I was viewing the situation from a vantage point outside this House, not being a member at that time.

Some hon. Members: Hear, hear.

Mr. Burton: But I am a member now, and I intend to stay here for some time. On the other hand, I suggest some of the members across the way will not be here very long. From my viewpoint outside the House at that time it seemed to me that the vote was a fairly clear indication of a lack of confidence in the government. Nevertheless, somehow or other the government managed to pull itself together and find a means of ensuring it would stay in office until a Liberal leadership convention was held; one was scheduled within a short time. The government must have had second thoughts on the matter somewhere along the line. I imagine it must

have said to itself, "We will have to do slightly better than we did in regard to the measure that was defeated in the House, because it is just possible that following the Liberal leadership convention we will call an election in a hurry".

I suggest that the bill presented on March 7, 1968, was not quite as inequitable or as bad as the original measure proposed by the government. That measure is essentially the one now before us. On March 7, 1968, the then minister of finance made the firm statement that this surtax would apply only to the taxation years 1968 and 1969; that is recorded at page 7394 of the *House of Commons Debates*. But the government's troubles were not yet over, because a few days later, namely March 11, the bill to which I have referred was declared out of order by Your Honour. Finally, the government had to introduce yet another bill in order to enact its proposals. That bill was presented on March 12, 1968, and the debate was led off by the then prime minister, the Right Hon. L. B. Pearson.

He made quite a lengthy speech. He defended the government's record. He attempted to point out how well the country was doing, but at the same time he indicated that some government agencies had pointed out the necessity for some measures of fiscal restraint and that the government had to watch very carefully the direction in which the economy was moving. At that time the Right Hon. L. B. Pearson quoted as authorities the Bank of Canada and the Economic Council of Canada. I hope hon. members will note that, because I will be coming back to it in a few minutes. Eventually the government got its bill through the House of Commons and it was enacted into law. As a result, the people of Canada have had to pay this surtax for the past two years.

On June 3, 1969, the Minister of Finance presented his budget in the House of Commons, during the course of which he pointed out, in dealing with the state of the economy, that one of the most important highlights detailed in the budget papers was the gathering momentum of activity toward the end of 1968 and the carrying forward of a strong advance into the current year. He pointed out that all elements of demand—consumer expenditure, capital investment, exports and total public spending—have contributed to the acceleration; that real production had turned strongly upward, unemployment was down from the previous year's figure, and so on.

The Minister of Finance was trying to make a case for the necessity of enacting measures of fiscal restraint, and he went on to reject any proposal for a tax reduction at that time. He also pointed out that one of the things the government was doing was budgeting for a surplus in the current fiscal year, and that this was to be contrasted with the deficit of some $566 million in the previous fiscal year, 1968-69. Finally, as recorded at page 9417 of *Hansard*, the Minister of Finance said:

> In making this proposal tonight, I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

There we have on the record the reason the Minister of Finance decided to continue this surtax into 1970. When one examines the minister's rationale for continuing the surtax into 1970, it is necessary to look at the situation in our economy today. At this time we see a much different picture from the picture last June. With regard to the gross national product, which is a measure of the performance of the economy, the figures for the third quarter of 1969 show that the rate of growth is slowing down. As pointed out by the Economic Council of Canada, there is not a strong element of demand in many sectors of the economy. In fact, we do not have a demand type of pressure on the economy at the present time. The most recent unemployment figures which are available to members of the House show that for the second month in a row the seasonally adjusted rate of unemployment is more than 5 per cent. I suggest that this figure should be the cause of considerable alarm to the government and to those in positions of responsibility.

With regard to the government's anti-inflation program, I have already stated that I consider it to be a colossal flop. It is clear that the rate of price increases is continuing unabated in spite of the government's policy of fiscal and monetary restraint. The rate of price increases in Canada at the present time is in the order of 4½ per cent annually. The Economic Council of Canada has issued a warning, having conducted an analysis of the effect of the government's policies on the performance of the economy. In discussing the problem of inflation and rising prices and the government's policies to deal with them, the Economic Council of Canada, in its Sixth

Annual Review published in September 1969, had this to say at page 163:

• (8:20 p.m.)

Further fiscal and monetary restraint could conceivably result simply in higher rates of unemployment and economic slack with no more than marginal effects on current rates of increase in prices and costs.

I pointed out just a few minutes ago that the prime minister of Canada in early 1968, in defending the introduction of this tax measure, pointed to the advice that had been given by the Economic Council of Canada. He said the Economic Council of Canada was calling for restraints and for measures to hold down the rate of price increases and to keep runaway inflation from breaking out. Now what is the government doing? It is ignoring the advice given by the Economic Council of Canada. I might point out that this advice was given in September, after the original budget proposals were placed before the House last June. This is the Economic Council's analysis of what should be done now.

At that time the surtax had not been extended to 1970 and the Economic Council was warning the government against taking further steps that would have the effect of imposing a restraint on the economy. Thus we have to look at the impact of the government's proposal on the economy and on the finances of this nation. We are continuing the same old tax system which has been termed unjust and inequitable by the government itself. We know very well that the government's programs, policies and fiscal restraints are not controlling inflationary forces. This measure also means we will have a higher level of unemployment.

We can very well foresee what will happen over the next few months. We will probably have a level of unemployment of 7 per cent to 8 per cent before this winter is over. It seems to me that a large part of the blame for this situation lies at the doorstep of the government. The government must accept responsibility for the situation because in the first place it imposed poor fiscal management. It lacked a policy of priorities in deciding that social capital is required in this country, that the social needs of our people must be given priority over some of the commercial projects into which private industry at the present time places its funds.

We see at the same time that the government is building up a very healthy surplus during this fiscal year. Last June the Minister of Finance predicted that for the current fiscal year there would be a budgetary surplus of $370 million before making any provision for writing off the deficit of the Expo Corporation. After writing off this deficit he still provided for a surplus of $250 million. He made it quite clear that building up a surplus was part of the government's anti-inflation fight.

We have the latest financial statements on a monthly basis, as published in the Canada *Gazette*. I note that for September, 1969, the government's budgetary surplus was $41.6 million, compared with a deficit of $54.2 million for the same month in 1968. We have the more recent figures for October, 1969. In that month the government's budgetary surplus was $38 milion. This compares with a deficit of $56 million for October of the last fiscal year. In total, from April 1, 1969, to the end of October, 1969 the government's budgetary surplus is $848.6 million. This compares with a deficit of $117.4 million for the same period in the fiscal year 1968-69. It is over and above what the government was budgeting for at the beginning of this fiscal year.

I recognize that there will be a rundown in this surplus during the balance of the fiscal year, because this is the general pattern with regard to government revenues and expenditures. I think it is now quite clear from the record that the government will be able to get the surplus it was budgeting for without proceeding with this tax measure at this time. I suggest that the surplus it will achieve without imposing this tax is such that it will have as much influence on fiscal restraints as it could possibly have in dealing with the economic problems of this nation.

I suggest now is the time to loosen some of these restraints in order that we do not have the spectre of unemployment hanging over the heads of many thousands of people during this winter. The government's policy for fighting inflation has to be termed a fraud and a total failure because we have growing unemployment, we have government cutbacks in essential services, civil servants are being fired and there are restraints on pensioners and on incomes for people in the lower-income brackets.

I suggest that the government is the prisoner of its own incapacity to manage the economic affairs of this nation. The government still expresses concern about inflation and inflationary psychology, but I suggest it is unwilling to tackle the corporations and is unwilling to even investigate their activities. This fact was made clear by the Minister of

Consumer and Corporate Affairs (Mr. Basford) when last week he indicated that he was not prepared to investigate steel prices, nickel prices, copper and lead price increases, and so on.

The inflationary psychology exists in large part because of the confidence that corporations have that the government will really not do anything to thwart their plans or actions. On the other hand, it is due to a lack of confidence on the part of a large portion of the Canadian public that the government is not willing or is not capable of doing anything to control the situation. In particular, it will do nothing to control the activities of corporations operating in the private sector.

Many warnings have been issued on this question and they have been summed up by the term "economic overkill". That is a rather unfortunate term in many ways, but it seems to me it adequately covers the thought in mind. Warnings were issued by the Economic Council of Canada. It is interesting to note that there was a very sharp reaction by many government officials when it became known that the Economic Council was going to criticize the government for some of its policies for fiscal restraint. It would appear that the only support the government is getting publicly at this time is from its own advisers. It seems to me there is something of an attitude of going down with the ship. We are going to stick by the policies whether they are good or bad. I cannot see that anybody else in the country is supporting the government's stand, unless there are people behind the scenes who are in fact attempting to ensure that there is no real change in the status quo of our economy or in the control that is exerted over the private sector of the economy.

Many warnings have also been given by the Canadian Labour Congress, by university officials and various newspapers including the Toronto *Star* and the *Financial Times*. There is evidence that the deferred capital cost allowance system which the government introduced last spring is not working to the extent the government hoped it would work. It is certainly not doing the job that was claimed for it when the policy was introduced.

Thus, it seems to me that the government is ignoring many useful proposals that have been put forward to change our exchange rate structure and to curb private spending; in other words, to impose the controls necessary in respect of the capital investment plans of private companies and to change our approach in respect of interest rates. The only response we get from the government when these proposals are put forward is: We are willing to study any proposals, any ideas that hon. members or members of the public are willing to put forward. However, as soon as ideas or proposals are put forward, they are rejected. This was certainly the case when the Minister of Finance appeared before the committee on Finance, Trade and Economic Affairs. He simply indicated that the government is not considering making any changes. At the same time he said it is willing to listen to any proposals in respect of changes.

• (8:30 p.m.)

I suggest the government is ignoring the problems of many people who are being hurt as a result of its financial and economic policies. I suggest that people living on fixed incomes are being hurt more severely than those of any other group. I suggest, also, that farmers, wage earners and many others in the economy are being hurt because of the government's blind adherence to its economic policy and because of its failure to come to grips with modern day reality in dealing with our economic system and structure. As a result, and because the government ignores all warnings and advice given to it, I shall certainly support the amendment moved this afternoon to give this bill a six months' hoist.

Mr. Cliff Downey (Battle River): Mr. Speaker, with reference to Bill C-139 I can do no better than reiterate the sentiments and comments of preceding speakers. When this bill was introduced it was supposedly an emergency measure. It has been said that the emergency is long past, but this is not evident to us. In this bill we are asked to accept the inevitability of increased taxation. What were supposedly emergency taxes yesterday have apparently become the norm today. One might say this has been our situation in a never ending sequence since about the end of World War I.

Perhaps a great many people accept the words of Oliver Wendell Holmes when he said paying taxes did not bother him because they were the way he helped pay for civilization. I feel compelled to remind the minister, however, that a great deal of evidence is being amassed daily on this continent which indicates that money does not buy civilization, and that increased taxation and government spending does not assure the average citizen of an increased degree of dignity or, I might add, personal safety. In fact, the more

governments spend, the more they attempt to control the lives and businesses of our citizens and the more our citizens absolve themselves of any responsibility either to themselves or to their neighbours. Therefore, we have the riots and disturbances that have plagued so many communities on this continent.

The bill now before us is an insignificant looking, two-page document but the multitude of principles therein were sufficient to defeat a government in February of 1968. The principles have not changed; they are the same today. The Minister of Finance (Mr. Benson) tells us that taxes such as this surtax will help control inflation. I say that they also represent a built-in business cost; they are passed on to the consumer and therefore contribute to inflation.

In the past year we have heard a good deal about inflation. A committee has been holding hearings on the problems of inflation. Many words have been spoken on the subject. But a simple measure such as a mandatory down payment on consumer goods would probably do more to control inflation than any measure which has yet been introduced. We are told, of course, of the ever-increasing financial demands on governments. I am sure we all acknowledge this to be true. People always want more and more services and goods. However, in a healthy economy revenues increase every year through the natural increase in the gross national product.

What we need in this country rather than taxes, taxes and more taxes is greater control and priority in respect of government spending. When I speak of priorities I do not have in mind the priorities followed by this government. I mention as an example the Department of the Secretary of State. The hon. member for Calgary North (Mr. Woolliams) pointed out just a week or so ago that in 1963 the expenditures of this department were between $4 million and $5 million. In 1969 so far they are over $340 million.

I would refer to the *Bonaventure* as another example. In this case $14 million was spent on a project that was destined for the scrapheap. It is not very evident that these ministers are trying to get the most out of the tax dollars. We on this side of the House sometimes wonder if they are not just trying to build empires of their own. I can think of no better example than the Department of Consumer and Corporate Affairs. Here I feel we have a monster that is growing on the premise that what one is doing is not important, but what one appears to be doing. I think that fits the situation very well. Here we have a new department, rolled out of nowhere, which has for this year projected costs of about $16 million.

The minister of that department has intentionally said things which have the effect of cutting down our gross national product and make increased taxes inevitable. I refer to the statement he made earlier in the year when he told the consumers of this country to boycott beef. He could just as well have told them to boycott the textile industry or the manufacturers of electronic products. He could have told them to boycott many products and we would have had the same result —a consumer reaction.

I often wonder what the minister would have us do. Would he have us import Australian beef or Japanese textiles? His remark was certainly not calculated to improve the economy of this country. The Prime Minister (Mr. Trudeau) suggested we impose cut-backs as an economy measure. This is a very admirable move, but when I look at the record I see that just a year or so ago the government said we would have to try and hold to 5,000 a year any increase in the number of public servants. At that time it appeared that a normal increase in the public service was of the order of 15,000 a year. So when the Prime Minister speaks of a 10,000-man cut-back, it would appear to be really nothing when we consider the government's norm, which was of the order of 15,000 more persons on the payroll each year. If we are merely to accept these taxes and these situations, we will eventually be nothing but a nation of serfs. The United States now has a similar surtax bill before Congress and they are in the process of rejecting it; yet we in the House are asked to pass this bill.

• (8:40 p.m.)

This tax has been called inequitable because it discriminates against the lower-income groups. But I say—and I will not belabour the point any further—that to continue this tax or to further increase taxes in this country would create an impossible situation with which we could not live.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, it is not my intention to speak at any great length on this measure, but there are certain aspects of this bill on which I would like to comment. A measure to amend the Income Tax Act was introduced into the House and given first reading on March 7,

1968. It raised a storm at that time because of the manner in which it was introduced and because of the new taxes it imposed on individuals and corporations. As hon. members will recall, this effort was really the second bite at the same cherry, only from a different angle. The first bite was taken with Bill C-193. Of course, on that measure the Liberal government was defeated on the night of February 19, 1968, and in all conscience the government should then have resigned.

Some hon. Members: Oh, oh.

Mr. Crouse: I hear some members saying oh, oh. If a government does not resign when it is defeated on a tax measure, I ask on what measure it would resign? What does a government use as its guiding light in this respect? The Canadian people learned at that time that conscience among Liberals is a commodity which they are sadly lacking. So we went through a period of Liberal dogged determination to hold on to office at all cost while the government made its excuses to the Canadian people and regrouped its forces.

The purpose of the bill we are now discussing is to extend for one year the temporary surtaxes imposed in 1968 under Part IA of the Income Tax Act. The explanatory note reads:

> The surtax on an individual is 3 per cent of his "basic tax" in excess of $200. It will be extended to apply to the 1970 taxation year.
>
> The surtax on a corporation is 3 per cent of its tax computed under section 39 or 69 of the Income Tax Act. It will be extended to apply to profits earned in 1970.

In view of the proposals in the amendment before us, it is well to look at the statement the then minister of finance made on this measure when it was first introduced on March 7, 1968, as recorded at page 7394 of *Hansard*. The then minister of finance said as follows:

> Paragraph 2 proposes that a surtax of 3 per cent be imposed on corporations for the years 1968 and 1969. The effect of this surtax will be to raise the rate of tax on the first $35,000 of corporate taxable income from 18 per cent to 18.54 per cent and to raise the rate of tax on taxable income in excess of $35,000 from 47 per cent to 48.41 per cent. The surtax will not affect the old age security tax on corporations and it will not affect the provincial abatement or the provincial revenues from corporations.
>
> Paragraph 3 proposes that a surtax of 3 per cent be imposed on individuals. This surtax will apply to basic tax in excess of $200. It will not affect approximately 2,400,000 taxpayers, which is about 36 per cent of the total number expected to pay individual income tax in 1968. The proposed surtax will apply without any top limit. Finally, this surtax will apply only for the taxation years 1968 and 1969.
>
> Paragraph 4 of the resolution proposes that corporations be required to move forward by two months the period during which they pay their income tax for a year. Corporations will be required to make five payments, each of which is equal to one fifth of their estimated tax. For example, a corporation with a taxation year which coincides with the calendar year will make its first payment for 1968 in June and will make a payment equal to one fifth of its estimated tax for 1968.

Mr. Speaker, I wish to refer the House especially to the statement made by the then minister of finance that "this surtax will apply only for the taxation years 1968 and 1969". However, we now learn that the government proposes to extend it to 1970. I ask: How can individuals, corporations or Canadian industry plan for the future when they are constantly faced with increased taxation by this government?

Is it any wonder that this cabinet is no longer credible in the eyes of Canadians? When a cabinet minister stands in his place and states without any equivocation, without any "ifs", "ands" or "buts" that surtaxes will apply only to the taxation years 1968 and 1969, and the same Liberal government, a little more than a year and a half later has the gall to say that the temporary surtaxes will be extended for another year, I ask you, sir, who in this nation will believe the minister or the government? The answer is no one. The truth of the matter is that these surtaxes will never be repealed.

The answer is contained in white paper proposals, and it is high time Canadians were told the truth about this government's plans. The white paper highlights the true story, if we read the fine print closely. For example, the following is one of the white paper highlights was presented to us by the Minister of Finance (Mr. Benson). Among other things he said this:

> The present general schedule of rates, the old age security tax, the social development tax, the 1966 abatement, the 3 per cent surtax and the general 28 per cent provincial abatement would all be replaced by a new rate schedule.

The bill now before us is, in good Maritimes' language, nothing more than a gangplank bill. It is a bill to take this government over the gulf between 1968-69 and 1971 when the white paper proposals will take over and perpetuate the surtaxes forever. That is what we have before us. To use the word "temporary" as stated in this bill exposes the arrogance and the indifference of

this government to the needs and aspirations of all Canadians.

In view of the minister's statement of March 7, 1968, the average citizen and the corporations affected had every right to expect that these surtaxes would be dropped at the end of the taxation year 1969-70, and they planned accordingly. But now they find the Minister of Finance still has his hand deep in their pockets, grubbing, grasping and groping for every last dollar in order to finance the extravagant expenditures of this government. In case there is any doubt about this—and some hon. members may not read *Hansard* as closely as they should—only last Tuesday we passed the supplementary estimates.

• (8:50 p.m.)

We were told then, when we voted $91,206,-528, that they were supplementary estimates. Among other things, they showed there was for only one year an increase of approximately $350,000 in the cost of operating the Prime Minister's office. We were also concerned to discover the sum of $1,226,000 representing extra expenditures on Senate committees as compared with their cost last year. Has anyone on the other side of the House the audacity to stand up and say the government is not wasting the taxpayers' money in an extravagant fashion? There is no one.

Our thirty-bucks minister, the Minister of Finance (Mr. Benson), speaking on the white paper during curtain calls on his western road show stated, "If a tax system does not command the public respect, it will not work." Obviously the government has not the respect of Canadians generally, because its anti-inflationary policies are apparently ineffective.

In the last election a strange thing happened in my riding—

An hon. Member: It sure did.

Mr. Crouse: Yes, I was re-elected. I do not like to be vindictive to my friends, some of whom sit on that side of the House, but what I meant, Mr. Speaker, was that the Liberals ran advertisements in the weeklies in my riding saying, "Don't call us Liberals; call us Grits." Many of my supporters—and the tally is there to show how many there were—came to me and asked, "what does it mean, Lloyd?" Of course, Mr. Speaker, I have difficulty at the best of times explaining what Liberals mean, but I know now what they mean. I know that the word "Liberal" means to be deceitful and I know it means deception, because Canadians cannot believe the Grits even when their words are printed in black and white in *Hansard*.

The government having betrayed the trust of Canadians by not keeping its word on this tax measure, is it any wonder that there are hardly any signs of restraint in the upward rise of wages and prices? Only a few weeks ago the Steel Company of Canada, following a 30 per cent wage increase over a three-year period, announced a 6 per cent increase in the price of their product. This was followed within a week by an increase of almost 25 per cent in the price of nickel, and it was followed by still further increases. We read in the *Financial Times* that the domestic price of copper is at a record high of 57 cents a pound—up 27 per cent since January. We also read:

> Tin, the hardening agent in bronze, is also in tight supply. At $2.05 a pound, the price is the highest since 1965—
>
> Cadmium, a by-product of zinc used largely in electro-plating, posted its fourth increase this year, reaching a record at $4 (U.S.) a pound.

These metals are used in the manufacture of many products in Canada and their price increases are reflected, in turn, in the increased price of products manufactured from them. This is what is happening in Canada. The much vaunted Prices and Incomes Commission seems powerless to do anything in the face of this rising tide of wages and prices. Perhaps the real reason the Prices and Incomes Commission cannot do anything to turn back the tide of inflation is the fact that the tide was running with irresistible force long before the Commission was appointed. That inflationary tide can only be further strengthened by a bill of this type, for this bill continues to take money away from the private sector, where it would be spent in developing our material resources, and diverts it to the public sector where it will be wasted by government extravagance.

This reaction is evident when we look at the national unemployment figures for October, which show 5.3 per cent of our labour force searching for work. Mr. Speaker, I would like to know how high the national unemployment figure must climb before the Prime Minister and his colleagues shout, "Eureka! We have reached Utopia." What is the figure? Is it 7 per cent? Is it 8 per cent? Is it 10 per cent? It would be interesting to know what it is.

The government's plans as evidenced in this bill call for still higher taxes. This will

mean still higher prices, which will cause still more unemployment. Since the beginning of this year the cost of housing alone is up 7 per cent. Investment charges have pushed the cost of non-residential construction up 7.3 per cent. The prices of machinery and equipment are up over 3 per cent, while over-all prices in our economy rose 3½ per cent in the first nine months of 1969.

I could quote many other statistics to indicate the rising-cost trend in Canada, but the figures I have quoted are sufficient to show that the Canadian people have no faith in the government. The Canadian people do not believe anything will be done to curb inflation, and therefore they are still trying to acquire homes, furnishings and properties before costs escalate still higher. We can go back as far back as 1965, Mr. Speaker, and we find that the government at that time was talking about the dangers of inflation. It was referred to in the budget of 1966, in the mini-budget of September, 1966, in the budget of June, 1967, in the mini-budget of 1967, and in the budget of March, 1968. On all these occasions we were warned of the dangers of inflation, and the government had apparently only one remedy to propose, namely, an increase in taxes.

These successive tax increases have been presented as anti-inflationary and no doubt they would have been if the money had been used to build up a government surplus so that the government could stay out of the bond market. Instead, these successive tax increases have been more than matched by increases in government spending, which have added to our inflationary spiral. We ask the government, "What do you plan to do with all the money you are taking away from Canadians? When are you going to inform this House, and Canadians generally, about your spending priorities?"

I believe that if the government really wants to reverse the trend it must first establish its own credibility. This it has not done, Mr. Speaker. It must stop introducing bills of this nature, which violate its word to the Canadian people. It must also strengthen the arm of the Prices and Incomes Commission. At present the Commission is like a punch-drunk fighter, swinging in all directions, but whose punches lack force. The type of diplomacy practised by the Commission so far has been nothing but a waste of time and effort. The Commission is nothing but window-dressing. It is the laughing stock of unions and management alike. Only when the man in the street is made aware that the government means business in its attempt to fight inflation, and only then, will we make any real progress.

The Prices and Incomes Commission is a child of the government. As a first step the child should take the parent aside and point out the economic facts of life, so that bills of this nature would not be brought before Parliament. The Commission should point out to the government the need for keeping its taxes, tax increases and spending growth to a minimum for the next two years, or at least until inflation is under control. In the public sector one of the problems faced by the Commission is that the people with whom it discusses inflation are not threatened directly by tough federal, fiscal or monetary policies. In fact, the government has what I would call a cream-puff policy toward inflation.

The government's present taxation policies cause the burden of unemployment to fall mainly on the low-income group. They are the ones who today are being asked to carry the heaviest load. Executives, civil servants, doctors, lawyers, and even labour leaders are in a strong position to keep their incomes ahead of inflation. None of the people in these classes is likely to be thrown out of work by what economists predict will be a more severe recession in 1970 than that which we are facing in 1969.

• (9:00 p.m.)

The Prices and Incomes Commission is therefore arguing its case for urgency that inflation be cured to a group that is still unconvinced that the problems of inflation and the consequences of announced government restraint are vital and urgent. One of the things we do not need is another study of inflation in order to advise the government how it can avoid another wage-price spiral in our economy. Surely the facts behind mounting inflation are now well known to the government and its supporters. What is now called for by the majority of Canadians is leadership and action and an indication of real economies in government operations. Anyone can increase taxes, and that is what the bill before us proposes to do. That is what it is, Mr. Speaker—an increase in taxes.

Some hon. Members: Hear, hear.

Mr. Crouse: The Canadian people expected this load to be taken off their backs. They were foolish enough to believe the then minister of finance when he stated this surtax

would apply only for the years 1969 and 1970. I say, Mr. Speaker, they are an increase in taxes.

When speaking on this matter on March 7, 1968, the then minister of finance, Mr. Sharp, said: "...the measures proposed in this resolution are intended to produce $390 million in budgetary revenues in the 1968-69 fiscal year." Yet today when this measure was introduced to the House by the hon. member for Windsor West (Mr. Gray), he almost implied that we should pass it quickly—let's get this over in a hurry; it is only a small matter! From the wording of the bill one might suppose it is quite innocuous, that it does not have any great effect on Canada, but we cannot ignore any measure which proposes to take $390 million out of the Canadian economy and divert it to the government sector. The application of these taxes to the over-all development of Canada demonstrates, in the final analysis, the administrative ability of a government. In my opinion, Mr. Speaker, the extension of these surtaxes for another year is a frank admission that this government is giving weak and ineffective leadership in its efforts to curb inflation.

Some hon. Members: Hear, hear.

Mr. Crouse: We can only hope that the men who occupy the treasury benches will read the *Financial Post* and the *Financial Times* and learn what is going on in Canada. We have regional desks and I do not know what they are doing, but obviously there is a great space between the grass and the brass because they are not aware of what is happening in this country. We hope they will have such a realization very shortly and will bring in policies that will not create stagnation in our economy but will instead bring over-all growth and development to Canada. It is time this government showed its concern for stability in our economy; it is time this government showed some concern for increasing employment, not unemployment, in our labour force. By that I do not mean, Mr. Speaker, advertisements of the type I saw in the press this week extolling the benefits of being unemployed. That is not the kind of advertisement that built this country, and it is not what we want to see in our press, publicizing the inability of this government and its desire to bring in policies to keep people out of work, emphasizing the benefits of the dole.

[Mr. Crouse.]

Some hon. Members: Shame!

Mr. Crouse: Only when we bring back stability and growth to this economy, only when these prime objectives are achieved, can the government hope to attain some of its socialistic dreams. This will not be achieved, Mr. Speaker, by saying one thing and doing another, which was done by a former minister of finance, as reported in *Hansard*. It will not be achieved by making false promises to the people of Canada in an effort to buy time to use as a cover-up for inaction regarding the basic problems facing Canadians.

Inflation is the major problem today. The stability of our economy and the reduction of regional disparities should be the government's major goal. The puck is on the government side, and rather than watch some fancy stickhandling over there by individual players, let us see a team effort to solve our problems. Team effort, Mr. Speaker, is in the final analysis the only effort with any chance of success. For these reasons I am happy to second the motion moved by the hon. member for Edmonton West (Mr. Lambert).

[*Translation*]

Mr. J. A. Mongrain (Trois-Rivières): Mr. Speaker, with your permission, I will infringe for only a second the rules of the house, because of the outright provocation directed to me by the opposition by referring to Three Rivers.

This is not a matter of narrow-mindedness nor of out and out nationalism; it is that there is no such city as Three Rivers. In fact, we still have the English version of the incorporation act of the city of Trois-Rivières, where it is actually called Trois-Rivières.

By the way, I urge all members from other provinces to name cities having incorporation acts written in both languages, dating back to more than a hundred years, as in the case of Trois-Rivières.

For instance, there is in Manitoba a city called Souris and nobody ever thought of translating that into Mouse. The Speaker's name is Lamoureux, yet I never call him Lover.

I have a few words to add concerning Bill C-139, for it would be unthinkable to leave *Hansard* readers under the impression that the wave of curses that has just unfurled on the party in power is justified. There are, after all, obvious principles, even for the opposition members, but they are not in a position to say so, because it would not be cricket.

Everybody understands that it is not pleasant to maintain a tax, no more than to pay it. Everybody understands that it is not pleasant for anyone to undergo a painful operation or to deprive oneself of things one is most anxious to have, because one cannot afford them. But that is a part of the sacrifices people and individuals must bear to avoid a greater evil.

• (9:10 p.m.)

What does history teach us? A while ago, an hon. member quoted the memorable remark of the then minister of finance: "This 3 per cent surtax will apply only for the taxation years 1968 and 1969". Of course, he was speaking in good faith, according to information provided him by experts.

For instance, no opposition member can forecast next year's weather on this same date. One cannot guarantee what the economic climate will be in Canada or elsewhere a year from now, taking into account the crisis we are going through presently. Hon. members of the opposition know that Canada is now experiencing the same difficulties as almost all the industrialized countries of the West.

We have only to remember what happened in England and in France, and the situation there was infinitely more serious than it is in Canada. It even led to the overthrow of a giant in France. We can also see today what is happening in Italy. I will not speak of less fortunate countries which have been facing economic hardships for centuries.

It is an international phenomenon, but fortunately the government has taken up the challenge and prevented greater harm. It has even been able to find solutions.

I remember the vote we took in early March of 1968. I was sitting at the other end of the House. I was sitting as an independent for personal reasons which the electors of my constituency understood. However, they warned me: we do not elect you as an independent to systematically fight the government. We elect you to support the government when it is right and to make representations to it when it is wrong. When the vote was taken on the 3 per cent tax increase I had decided to vote against it. I had even advised my fellow-citizens that I would vote against it.

But a few days before the vote was taken, an international crisis arose on which my hon. friends are aware. I am not as learned as the universal experts we have heard tonight, and I am not a quack that tries to impose panaceas. When I do not have sufficient knowledge about a subject, I consult the experts. Well then, I consulted some Canadian and American financiers who told me: "We are going through a crisis so severe that if the government does not take strong measures, the Canadian and the American dollar might be devalued."

That is when we proceeded with a major operation. Therefore, I explained to my fellow-citizens why I had changed my mind. Anyhow, only imbeciles do not change their minds.

Why did I change my mind then? Because it was in the best interest of the Canadian nation. I take this opportunity to pay a tribute to the Leader of the Official Opposition (Mr. Stanfield); indeed, one day, he could have defeated the government. He had only to say so and the Liberal government would have been defeated. But he refused, in spite of the advice of some members of his party, to contribute to the defeat of the government, because he remembered that Lincoln had said: It is not best to swap horses while crossing the river. One does not rock the boat in the midst of a storm.

When the well-being of a nation is concerned, all political considerations should be put aside to support the government which is in fact that of our country. That is what the Leader of the Opposition did last year, disregarding the advice of some of his own members, and I have admired him a little more on that account.

As for myself, I have supported the governmental policy, because it has stood the test of time. To prove my point, I shall not bring forward my own testimony, but rather quote from a summary of the Sixth Annual Review of the Economic Council of Canada, "Perspective 1975", published in September 1969. I admit that the austerity policy of the government has been painful. It required some sacrifices, but the Canadian people understood. My electors understood so well that after giving me a majority of 2000 votes in 1965, they gave me one of about 7000 in the 1968 election.

On page 27 of this summary, we can read the following:

> Up to the mid-1970's, Canada's rate of growth should keep going up sharply and even exceed in that respect the performance of most industrialized nations.

And I do emphasize these words:

—exceed ... the performance of most industrialized nations. Under such conditions, the welfare of the Canadian people will be greatly increased.

In the Review of the Economic Council of Canada, the authors do not deal in partisan politics but rather analyze carefully the situation prevailing in September 1969, as a result of the measures taken in the string of 1968.

A little further on, we can read on page 29 of the report, and I quote:

The success of the proposed measures, especially in the case of monetary policy, will depend upon the implementation of comparable measures in the United States.

I should now like to remind opposition members that it took over a year and a half to agree to that surtax, then a 10 per cent increase was imposed and it is that supplement we are still discussing now. In fact, it was the opinion of most of American economists then that the United States had missed the boat because they had passed this measure at least a year too late.

The quotation goes on:

It seems that, while moving away from the previous policy which was mainly geared to the short term cyclical fluctuations, this country is heading more and more towards longer term programs similar to those which we have been advocating for Canada.

This being so, our country will be prompted and encouraged to adopt similar measures.

And a little further, Mr. Speaker, we can read the following, and I quote:

For the fifth consecutive year, the public accounts established on the basis of the national accounts and including all sectors of government (including the revenue derived from the pension plans), show a surplus in 1968. We must note that for that year, this surplus was achieved at a time when the economy was slowing down a little while the unemployment rate was getting near 5 per cent. Had there been full employment, this surplus would have been sensibly more important. From 1969 on, austerity measures far more severe than in the United States were introduced in the budgetary policy, as shown by our analysis of the national accounts. It will be necessary to watch closely the opportunity of maintaining those restraints applied by the Canadian government at all levels.

Indeed, the organization responsible for this document says that of course, the government has taken very hard measures of restraint, the results of which will be better assessed within a couple of years. Besides, this is what the report says on page 30—as a matter of fact, it is the quotation the members of the opposition brought up on several occasions, but without mentioning where it came from—and I quote:

[Mr. Mongrain.]

—further fiscal and monetary restraint could conceivably result simply in higher rates of unemployment and economic slack with no more than marginal effects on current rates of increase in prices and costs.

That is merely an assumption, but when one is about to drown, one grabs the first branch available. Doing nothing does not help. Further on, we can read, and I quote:

Moreover, tight restraint in Canada this year is likely to have its main impact on the economy next year.

We shall see next year. When I hear members of the opposition criticize everything, I think we simply must do something. They are asking the government to engage in expenditures and investments that would reach several billion dollars but they have no practical answer to suggest.

The Créditiste member, at least, suggest a solution in which they believe since they have been upholding it for years, in the face of those who term it illusive.

I give them credit for that: they at least have a solution to suggest while most other members of the opposition are content with fighting against the government without proposing concrete solutions.

We are not playing at demagoguery, even though it would be easy to do so when there is unrest throughout the world and even in Canada. It is easy to play the demagogue, to set those who are the least informed in public affairs against the government, by claiming that the government in power it to blame for the unrest in the nation, as it has been done in other countries, without however solving any problem.

I heard the member for Edmonton West (Mr. Lambert) say: If things keep up this way, we will have a $12 billion budget this year. So what? The federal government gave more than ever to the provinces this year; the population has increased, as well as the needs and the cost of the social services. Had the government not imposed an austerity program, what would then be the situation! The government is blamed for being strict in its management of public funds and at the same time, it is blamed for curtailing expenses. Such is the logic of the members of the opposition. For instance, the government is taken to task for its failure to maintain certain positions which are not essential and, finally, for cutting down the number of some others.

• (9:20 p.m.)

The Prime Minister (Mr. Trudeau) is even blamed for having some thirty assistants at his disposal. But with his assistants, he works indeed. He has done more in one year than the opposition during all the time it was in office. It is constructive work and not necessarily party-oriented.

The hon. member for Edmonton West said that the public debt was increasing at an alarming rate. Federal and provincial governments, municipalities and school boards receive 45 cents out of every taxpayer dollar. He did not say however how much money found its way back into the taxpayers' pocket under the form of hospital insurance scheme, unemployment insurance benefits, old age pensions, pensions for disabled people, family allowances, and so on, and also under the form of assistance to universities and for the construction of hospitals and schools. You get nothing for nothing. In my opinion, the opposition could not make any miracle. If it wanted to meet the needs of the whole Canadian population, it would have to find the money where it is. Since it is not economical to manufacture synthetic gold, one must get it where it is.

I agree with some opposition members who feel that we should find ways to lighten the buren of the less fortunate taxpayers and to improve the lot of the unemployed. The members opposite will at least recognize that something new has been done: the designated areas have been delineated in a much more logical way than before. The granting of additional subsidies of more than $300 million has been approved to help the areas most affected by unemployment.

In my view, this measure is much more serious and its purpose is to eliminate poverty. It is much more efficient than the dreams and the lucubrations of certain quacks who pretend to solve everything here by condemning the government and laying at its door all the ills of mankind.

The situation is a difficult one, indeed. This government had the courage to enforce hard measures just before the elections and the Canadian people understood, as shown by the number of government members who were elected. We will complete the task. In spite of the lamentations of the Opposition members we will not stop until we have brought some stability to our economy, which will be achieved within a year, if I go by the quotation I read earlier.

I wish to ask the Opposition members to forget for a moment that we are politicians and that we may have different opinions on election matters. Let us remember, however, some fundamentals. We are first of all heads of families, responsible Canadians who want this country to survive, in the best way possible, even if, like individuals, it sometimes knows economic or other crises. When the economic climate is not the most favourable, it is not the right moment to say, as to a patient on the eve of an operation: I have seen many who have died of this. That would be encouraging! On the contrary, we must work hand in hand and tell the patient to cheer him up: Take courage and follow the doctor's advice even if it hurts. You will make it. This is what the people must be told, instead of being served a lot of baloney. They must be told to make sacrifices, because they have to in the circumstances.

We are going through a crisis, but we are weathering it better than any other country in the world. We are about to solve our economic problems. And we shall settle them before any other country in the world. All Canadians of good faith will agree on that. We shall discuss details when the crisis is over.

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, the bill now before us is called:

"an act to amend an act to amend the Income Tax Act."

Although the scope of the amendment is quite broad, it can be summed up quite briefly, and I quote:

The purpose of this bill is to extend for one year the temporary surtaxes imposed in 1968 under Part IA of the *Income Tax Act*.

The surtax on an individual is 3%—

The surtax on a corporation is 3% of its tax computed under section 39 or 69 of the *Income Tax Act*.

Mr. Speaker, this act was adopted initially in 1968, and if my memory does not fail me, this bill was the occasion of the government's defeat by a vote taken here in the House, while we had agreed to support the government if the famous 5 per cent tax, in the form proposed, was not brought again before the House.

Now, after the distinct promises of the Minister of Justice, the Minister of Manpower and Immigration and the Minister of National Revenue, the notorious bill levying an additional tax of 5 per cent was not introduced. However, immediately after the election, the government proposed a temporary surtax of 3

per cent. We fought it then, and we will continue to fight any tax increases.

We, of the Ralliement créditiste, are accused of always talking about money, and of always repeating the same thing. But if we consider the contents of Bill C-139, we can say the same of the government, because this bill is the exact replica of a bill introduced last year and the preceding year.

We are asked to approve the extension of the temporary surtax of 3 per cent for one more year.

Mr. Speaker, at a time when prices are going up, when the government itself complains about inflation, it offers as a solution something which amounts to a reduction in purchasing power. How can we restore the economic balance and ensure markets for Canadian products while taking away from Canadians part of their purchasing power and at the same time telling them that it is indeed to fight inflation?

A moment ago I heard the member for Trois-Rivières (Mr. Mongrain) say: I was against the temporary surtax when I was sitting as an independent, but I changed my mind because I consider that the 3 per cent surtax is a good thing. And to prove that it is a good thing, he added that he was elected with a majority of 2,000 as an independent, whereas he had a majority of 7,000 as a Liberal.

At this stage, I would like—

Mr. Mongrain: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Béchard): The hon. member for Trois-Rivières rises on a question of privilege.

Mr. Mongrain: My hon. friend generally is very clever and sharp of hearing, but I must point out to him that I have never said that the 3 per cent tax was a boon. I said rather that it was a necessary evil. There is a slight difference.

Mr. Caouette: A necessary evil is a boon, whether we like it or not.

If the member for Trois-Rivières enjoyed a majority of 7,000 votes at the last election, it is not due to the 3 per cent temporary surtax and probably not to the Liberal party's platform either.

• (9:30 p.m.)

Although I do not endorse the political ideas of the hon. member for Trois-Rivières (Mr. Mongrain), I admit that his personality probably helped him getting elected in his area and not the popularity of the 3 per cent surtax. I challenge him to convince his constituents that such a surtax is a necessary evil.

The workers at the Trois-Rivières plants in the hon. member's constituency are certainly opposed to this 3 per cent surtax and he knows that they need their whole income, that they already have too little. At the very moment when the hon. member is stating that this surtax is a necessary evil, his own constituents have to borrow from finance companies, to pledge their future wages in order to buy goods that were produced last year or will be produced this year.

And after having mortgaged their salaries for the next three or five years, these same workers look at the shelves of all the stores in Trois-Rivières and find that they are filled more than ever before, even more than before they borrowed money from finance companies.

Is it a necessary evil or a solution to inflation to compel people to pay 15 or 18 p. 100 interest on loans from finance companies? And the hon. member for Trois-Rivières will contend that the government is stabilizing the Canadian economy?

The government is stealing from the Canadian people. That is what it is doing.

Mr. Mongrain: Mr. Speaker, will the member for Témiscamingue (Mr. Caouette) permit me a very short question?

Mr. Caouette: Certainly, Mr. Speaker.

The Acting Speaker (Mr. Béchard): The hon. member for Trois-Rivières wishes to ask a question.

Mr. Mongrain: Mr. Speaker, I would just like to ask the hon. member for Témiscamingue if in his business a finance company does not finance the cars he sells.

Mr. Caouette: Of course, but that is not my fault but rather the fault of people like the hon. member for Trois-Rivières, if we are compelled to impose taxes and to demand high interests to our clients, because we have to live in this system.

Personally, I am not out of this system, I am inside it. But, at least, I have the courage and the spirit to want to get out of it, while the hon. member for Trois-Rivières wants to

maintain the people in this damnable stagnation that now prevails in Canada. That is the difference between the two of us.

Mr. Speaker, I did not introduce this system, and neither do I tolerate nor promote it. But the member for Trois-Rivières is among those who are responsible for the present system and I want the constituents of his riding to know it once for all.

Mention was made earlier of the report of the Economic Council of Canada which said that it might be necessary to consider seriously the Canadian monetary question. It is no longer possible to govern under the present financial system.

I just read yesterday in a Montreal newspaper that all the municipalities of the city of Montreal show at present a deficit of $6,225,000. The municipalities have to pay or to contribute, to the debt service only, 60 per cent of the municipal budget.

And we would consider as adequate a system which obliges us to levy 3 per cent surtax—which is called "a necessary evil" in order again to drain the taxpayers of their income and the Canadian consumers of their purchasing power.

We are told: Let us try it for one year and we shall see what happens. What were the results of this tax approved by parliament last year? Inflation is worse today than it was a year ago. Restrictions were imposed on municipalities, school boards and provinces.

A federal-provincial conference on the constitutionality and distribution of the tax base in Canada has just ended.

They quarrelled about taxation rights. One by one, the provinces told the federal government: We have had enough of Canada's taxation power. The federal government answered: We need it, we shall levy taxes and then we shall distribute this money to the people.

Mr. Speaker, that has always been done in Canada, there has been taxation but when the time came to distribute the money to the people, the failure was complete on all fronts, even if it is said today that, in consequence, we have social security. I could speak all night on the subject of social security and on the way it is administered in Quebec and in other Canadian provinces. Mothers are compelled to humiliate themselves in government offices, to make known their poverty, in a country where there is an abundance of resources of all kinds. For this, they are given the measly sum of $105, $110 or $125 per month to support their spouse and five, six or seven children.

If that is economic stability, if that is the just society, I wonder where we are heading with the solutions now proposed by the government.

The hon. member for Trois-Rivières has nevertheless been honest enough to say that the Ralliement créditiste proposes a solution to that problem. What are we suggesting? We suggest the opposite of what the government proposes by pretending to spend according to the taxes collected. The limit of expenses should be in accordance with the taxation system. If we tax for $10 billion, let us limit our expenses to $10 billion. And meanwhile production surpluses are piling up in factories, in shops, at the wholesalers, in warehouses, everywhere in Canada.

Recently I had the opportunity to visit Western Canada. There is too much wheat in Western Canada and too much wood in British Columbia. In Ontario there is too much corn in the Toronto area and too much wood in Northern Ontario. In Quebec there is too much milk and too many other products. In fact the farmers were here only two days ago to acquaint us of their problems concerning milk surpluses. If we go to the Maritimes, we find there is an overproduction of fish, pulp, and potatoes in New Brunswick, as well as in Prince Edward Island. In this situation, the government says: our spending power lies in taxation. And what do we reply? We say that a responsible government should recognize that its spending power lies in the country's production potential, that our expenditures should be based on our production.

If we produce goods worth $72 billion, we should issue enough credit to let our production reach the Canadian consumers. Then poverty would be efficiently done away with.

But Créditiste proposals are rather laughed at when they simply call on the governments to do in peacetime what they did so well in wartime. When we entered the war in 1939, under a liberal government, it was then said: Let us make financially possible what is physically workable. The first thing the Mackenzie King government did was to create, through the hon. J. L. Ilsley, Minister of Finance, to have the Bank of Canada issue 200 million dollars' worth of new, interest-free credits, to be used to start manufacturing guns, shells, destructive weapons and to "clothe" our young men who had gone naked for ten years, feed and house them, and pay

them besides to go forth and defend Christendom and civilization.

At that time, the services of the Bank of Canada were called upon, but when it comes to keeping our population alive, of allowing our young students to integrate into our present Canadian civilization, the government is powerless. Then we are told that we must accept what has become a necessary evil, last year a 3 per cent tax which was to be temporary, but which is still temporary this year and will be temporary next year again, and no doubt plus an increase, and all this in order to fight inflation.

• (9:40 p.m.)

Mr. Speaker, that is what we are so dead against, we, of the Ralliement créditiste. By the way, if the government can find millions to destroy, he should find some to allow the people to live.

The spending power of a responsible government and a sovereign government that wishes to discharge its responsibilities is its production power. To the extent that we can produce, let us organize a financial system able to allow the production to reach the consumer. How can we reach that goal? Simply by imposing a 3 per cent tax? Indeed not, but rather by distributing a national dividend to each and every Canadian citizen. This dividend has been laughed at, and it can still be laughed at, but there is only one way to find markets for the stockpile of products now existing in Canada: increase the purchasing power of Canadian consumers. And when we can do this without boosting taxes, we shall have found a solution. Of course, if we increase taxes or adopt the government's method which consists in taking from those who have and give to those who do not, the over-all purchasing power of the population will not be increased.

If a Canadian earns $8,000 a year and I take $1,500 or $2,000 from him and give it to someone else, the purchasing power is the same, that is $8,000 for two instead of only one. In the circumstances, we know very well that the one who earns $8,000 a year cannot afford to hide some of it under his mattress because he needs it all to support his family and buy a house which he cannot even afford to pay cash, and that in turn forces him to contract a loan with a finance company for the next 25, 30 or 40 years.

So, those who have a little more are deprived of their purchasing power in favour of those who have less; that is what is called State socialism or, better still, rank communism. This is what they are forcing us to put up with. Mr. Speaker, such solutions we can do without.

If we deprive someone of his assets to help a have-not, we will weaken the individual incentive which a government such as ours should encourage in its own interest. The measures proposed by this government surely do not encourage individual effort, any more than they encourage private or free entreprise.

Let us come back to our solution. Instead of allowing the levy of a temporary tax of 3 per cent, we will oppose it with our utmost energy as we will support the motion of the hon. member for Edmonton West (Mr. Lambert), which proposes to postpone for six months the passage of this bill. We feel that the government should find sources of revenue elsewhere than in the purse of the modest taxpayer or the Canadian consumer.

We have in Canada a most excellent institution. People may laugh, but the Bank of Canada can be used to such ends as it was used for military purposes in 1939. If the Bank of Canada must reflect the economic growth of Canada, it is up to the government to have the Bank realize financially what is physically possible.

Canadians in the Trois-Rivières riding, as well as miners in Rouyn-Noranda, and workers and farmers in the St-Maurice region are ready to roll up their sleeves and to produce more.

Increasing production in Canada is not a problem. All our producers, all our manufacturers are prepared to increase their production, but the fact is that the government, with outdated measures, with measures that make no sense, bring them to a standstill by saying: listen, you have too much wheat, too much lumber, too much milk, too much of this and that. On the other hand, he tells them: we can improve the standard of living of the Canadian people inasmuch as we increase productivity. One day, production must be increased, and the next day production is too high, and since there is overproduction the government will have to tax more under the pretence of fighting inflation which, in my opinion, is due to the fact that the buying power exceeds the quality of products available, which causes a shortage.

If the hon. member for Trois-Rivières takes his Larousse dictionary, and he used to be a teacher, he will see that inflation is to have worthless money when a shortage of products prevails.

What is the situation today? Is it that the 180,000 unemployed in the province of Quebec have too much money in their pockets, Mr. Speaker? Is it that the families living from social welfare have too much money? Is it that the poor people in Canada have too much money in their pockets? No, they have too little. Would a single hon. member say that he has too much money? No, but at least he has a little. It is a little too much to try to convince the poor that he has too much money.

Mr. Speaker, the unemployed in Canada, the hopelessly destitute need some purchasing power to get the necessary goods. The problem today is not excess money, but scarce money, considering the huge production in all fields and sectors of the economic activity in Canada.

The members of the Ralliement créditiste have been making suggestions for a long time. People refuse to listen to them in their own interests. In the lobbies, some liberal or progressive conservative members sometimes tell us: Boys, you are right, but we can do nothing. We are committed.

We, of the Ralliement créditiste, are not committed to anything. We are free to say what we please. It is our right. We are at liberty to say what we think, point out authentic facts to members of parliament, and nobody can deny us that right, not even the hon. member for Trois-Rivières, and that, even if he tells us that we live in a fool's paradise and dream in colour.

At least, we dream of something, while the hon. member for Trois-Rivières does not even seem able to dream.

This being said, I suggest that the solution to the current problem is not to increase taxes, but to reduce them, in order to give the consumers greater purchasing power, which will enable them to get the goods and services offered them.

Nowadays, builders, manufacturers and producers are penalized and they are told: Restraints on credit prevent us to undertake such project or to take action in such a field. Why should we go and get credit in the U.S.A. instead of creating it at home out of nothing? This credit would be guaranteed by the goods we can produce and the natural resources we can develop in Canada.

Recently, the N.D.P. government of Manitoba boasted that it had borrowed $15 million in the United States at 8.89 per cent. These $15 million did not exist in Canada before the Minister of Finance of Manitoba borrowed them. Had the Bank of Canada created that money, would that have been more inflationary?

No, because the Manitoba government would have obtained the same amount but interest free. It would have been also used to build an hydro-electric complex in that province. It seems to me that this would have been more logical than to kneel submissively to American capitalists who, themselves, have created the necessary credit to get rich with the help of Canadian manpower and brain power.

Besides, as the Economic Council of Canada stated, as long as the monetary system is not changed, we will barely manage to live in a state of stagnation. We are ready to reform the institutions and to ask the citizens to reform. In fact, we ask the Canadian people to tighten their belt by requiring the payment of a 3 per cent temporary surtax for a year. At the same time, we say to financiers and others: Lend money at a higher interest rate. This is the government solution.

As was mentioned recently by a senator, the rich get richer in smaller number and the poor get poorer in greater number.

When the people become tired of that system and really understand the part played by finance, those who do not serve the people will be kicked out of the House of Commons and of the legislatures.

The solution that we propose is in no way miraculous. Credit is created by men like all of us, like the hon. member for Trois-Rivières or like any other member. Those are men who draw up the financial and monetary policy of Canada, and when they will have realized the necessity of an adequate monetary system, geared to the needs of our population, according to the goods produced by it, then bills like Bill C-139 will no longer be introduced in this House.

• (9:50 p.m.)

I say it again the Créditistes will not perform miracles. But I must say the present government does not perform many either. They refuse to do anything.

When the Prime Minister of a sovereign state says that he does not have the means to solve problems, except through taxation, I say that government shirks its obligations. It is time for a government, supported by a Parliament made up of reasonable men, to

find solutions that are not poultices on wooden legs. The only real solution is that suggested by the Créditistes.

I heard a while ago a conservative member blaming the Liberals. The Progressive Conservatives governed this country from 1957 to 1962. Did they do any better? In 1960-61, there were a million unemployed in Canada. What did the Progressive Conservatives do to cope with unemployment then? That is one of the reasons why the Conservative government was defeated in 1963.

If the present government wishes to avoid defeat, let them change their opinion. As for the Progressive Conservatives, as the hon. member for Trois-Rivières said—and I agree with him—let them suggest solutions. They have none. They say there is unemployment, there is abundance and there is poverty. There is a severe housing crisis, a lack of this and that. But just ask them to explain the Canadian monetary system, and there is not a single one who knows what it is. Maybe the hon. member for Red Deer (Mr. Thompson) can still remember, but as for the others, I doubt it.

As for us, we do have a solution and we will keep on proposing it until it is applied. We should certainly give it a try. And if it does not prove to be good, let us put it aside.

As the present Postmaster General and Minister of Communications said, people voted for Social Credit because they were told all about the lack of money. The minister explained it all in 1964 to the students of McGill University in Montreal while telling them about the Créditiste phenomenon, the Caouette phenomenon in Quebec.

He said: While we refrained from talking about money, Caouette spoke of the lack of money. That caught on in the Dorchester and Trois-Rivières areas. That was to be known as the Créditiste phenomenon. The hon. minister said: "Scarce money or tight money is a bad thing."

That is exactly where we stand today and the Créditistes are not to blame for a situation that has brought about interest rates as high as 10 and 12 per cent. It is the government that should get the blame.

Today, the Postmaster General and Minister of Communications, an economist to boot, and former president of the Montreal Exchange, not only does not rise to fight Bill C-139 but he will vote for it tomorrow or the day after, while in 1964 he condemned the same method. Therefore, he has the same attitude as the member for Trois-Rivières. In 1964, both were against. Today, they have changed their minds, but not for partisan reasons they say. I do not know for whom the 3 per cent surtax has become a necessary evil. Certainly not for workers, farmers, white-collar or blue-collar workers. It can only serve the ends of a barbarian financial system that fleeces the entire Canadian population.

Mr. Speaker, we will continue to demand security with personal freedom through the establishment of a system promoting personal effort instead of discouraging it and protecting free enterprise instead of stifling and crushing it. We might have to wait 10, 15 or 20 years to make this clear to the people. We will take the time we need, but Canada will eventually have a Créditiste government making money available to the individual, which is the object of Bill C-139 now under consideration.

[*English*]

The Acting Speaker (Mr. Béchard): The hon. member for Dauphin (Mr. Ritchie).

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in view of the time may I call it ten o'clock?

BUSINESS OF THE HOUSE

Mr. Macdonald (Rosedale): Mr. Speaker, as I indicated earlier today, I should like to announce the business for next week. As you will recall, the items for tomorrow are No. 44, Bill S-8 to amend the Trust Companies Act, to be followed by No. 45, Bill S-9 in respect of the Loan Companies Act. Next week priority will be given to a bill, of which I gave notice this evening, to instal financial controls on the Company of Young Canadians. That is to be joined with item No. 26, Bill C-139 to amend the Income Tax Act, both of which will require urgent action in the coming week.

After the priority on those bills we would deal with the Loan and Trust Companies bills, followed by item No. 32 in respect of the white paper on tax reform and item No. 15 in respect of Bill C-12, to establish the International Development Research Centre of Canada. In addition, following in turn would be item No. 6, Bill C-4 in respect of the Canada Corporations Act, and item No. 28, Bill C-144 in respect of the Canada Water Act.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

POST OFFICE—DECEMBER SATURDAY DELIVERY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, it seems fitting that the Postmaster General (Mr. Kierans) and I should carry on in the pre-midnight hours in this pre-Christmas season with a discussion on Christmas mail. I wish to recall that some time ago I asked about the announcement he made outside the House that there would be three Saturday deliveries preceding Christmas. While at first blush the minister may look like a latter day Kris Kringle, I think in fact this is an indication that the non-movement on Saturday has been a great contributor to the deterioration of the mail service.

Some hon. Members: Hear, hear.

Mr. Macquarrie: In other words, it was palpably necessary to reinstitute the Saturday movement of mail in order to move the heavy volume of mail in the Christmas season. It follows I am sure—and I have information which leads me to believe it is true—that were it not for the blocking-out of the Saturday morning delivery, the other movements would have been more satisfactory since the minister adopted this ill-advised and ill-considered move. I note, too, the generosity with which he referred to the cost of $350,000. There have been discussions later than that date about the payments made for overtime work.

I am convinced that the five-day delivery has been a major contributor, if not the major contributor, to the unhappy state of the Post Office. So often mail which is found in the Post Office on Monday cannot be processed in time for Monday's delivery, and it is quite possible that many many articles of mail are in fact not moved from Friday to Tuesday. Therefore, I do not think it is surprising that people still complain in increasing volume about the slowness of the mail delivery.

I think all members of this House receive a consistent and indeed increasing flow of mail complaining about the mail service. One has only to look at the editorials, and letters to the editor in the newspapers to get an indication of just what is going on. I only wish we had some system of slides, dials or something whereby we could register in this chamber the impact that cartoons make. I was impressed by one by Stephen Leacock, a great humorist, in which he is shown reaching down toward a document, obviously held in the hand of the Postmaster General when he made the statement that 99 per cent of the mail in this country is delivered the next day 99 per cent of the time, saying, "C'mon Eric, there's room for both of us". Then there is a caption, "A stamp honouring our humorists".

• (10:00 p.m.)

The suggestion that 99 per cent of the mail is delivered the next day 99 per cent of the time, considering that on Saturday and Sunday there is no mail delivery, is a preposterous one from a man who had the humorous temerity—and I will use that gentle expression—to call me an exaggerater not long ago. If the minister thinks the mail is moving fast, he is not in fact the Postmaster General but the rationalizer general of this country.

I hope my friend, the leader of the New Democratic Party (Mr. Douglas) will not be upset if I repeat something he told me the other day. On the 2nd day of November he was invited by a group in the city of Ottawa to speak to that group on the 7th day of November, and he received the invitation in Ottawa on the 9th day of November. It may be the age of expedition but it is certainly not the age of transmission of mail. This whole business of Saturday mail delivery has been a preposterous fiasco from the beginning.

If you live in rural Canada you get mail six days a week; if you live in urban Canada you get it five days a week. But try getting a stamp a little cheaper if you happen to live in rural Canada. The charge is the same, but the service is different. This is one of the great contributions to the unhappy situation which prevails in the Post Office, and I am being as charitable as I can in view of the approaching yuletide. This distortion, this ridiculous discrimination between rural and urban people, and the foolish notion that you can move more mail in five days than you can in six, is preposterous. I say to the minister that one of the legacies which he will leave to the Crown corporation, if and when it is put into being to clean up the mess in which the Post Office is now, will result from this five day delivery.

I say to him that had he recognized long before Christmas that the system was not working, things would be much better now. There would be far fewer users of the mail writing to their members complaining about the mail, and there might be suggestions

among the people of Canada that the Post Office is once in a while doing a fairly good job. I hope it is not too late for the minister to reconsider his decision, and if he finds that the suggestion works out well in the Christmas season he might start the practice in the New Year and do a good job.

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): Mr. Speaker, your consistent suggestions that the questions of the hon. member for Hillsborough (Mr. Macquarrie) could be more appropriately dealt with at the time of adjournment reflect not only your desire to avoid wasting the time of this House but also your impatience with the repetitious nature of his questions.

Some hon. Members: Hear, hear.

Mr. Kierans: Saturday delivery during the Christmas season costs the people of Canada approximately $350,000 per day. The hon. member suggests that this be repeated 52 times a year. Today's task force report on the future of the Canada Post Office points out the impact of rising costs on the price of mailing first-class letters—26 cents per letter in less than a generation. That is what we in the Post Office want to avoid, by trying to equalize the amount of services rendered with their cost.

The hon. member has referred to me as a constitutional diplomat, Kris Kringle, and so on. Watching and listening to his performance this evening I thought of the character in that wonderful Shakespearean play "A Midsummer-Night's Dream", of which his former leader is so fond. The hon. member for Hillsborough would be very ably cast as "Bottom," but a blushing Bottom in this instance; for he is blushing as one who knows he lacks conviction in his cause and knows clearly he is saying nothing that he has not said many times before.

There is no Saturday urban delivery and will not be, except for Christmas, until the Canadian taxpayer says he is willing to subsidize Canadian business for 80 per cent of the cost of such a service. There will not be this service until the Canadian taxpayer says that there are not better ways of spending 52 times $350,000 a year, for example, on such things as housing, welfare, health, regional development, or any of the very many other needs that the Canadian people have. I plead with the hon. member to not only avoid the Christmas blush of always being late but also the Conservative blush, the blush of living in a day that is long past.

[Mr. Macquarrie.]

CONSUMER AFFAIRS—ACCIDENT CAUSED BY SPILLING OF SULPHURIC ACID FROM TOY CAR

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, after that very fine display of oratory from both sides of the House I am afraid I must come down to some very simple probing which has to do with Christmas toys. It is now three weeks since Dr. Morton Shulman, former Toronto coroner and now a member of the Ontario legislature, raised the matter of the potential killer toy, the Poweride Car, which could have caused serious injury or death to a Montreal child when the sulphuric acid in its battery leaked out. It is two weeks since I asked the Minister of Consumer and Corporate Affairs (Mr. Basford) about the matter in this House. I drew to his attention the fact that an official of his department accompanied a member of the Canadian Toy Testing Council and that they saw no hazard in this toy car.

My interest stems from the fact that a lot of parents around the country are living in a fool's paradise. They believe themselves to be properly protected against buying dangerous toys. Actually, they have no such protection at all. So far as I can learn the only testing now carried out is done through the Canadian Toy Testing Council. I want to point out several things about that council. First of all, it is a purely voluntary body, composed of 17 people, mostly women who have a great many other responsibilities, and they do the testing. In the second place, the council can test only a very limited number of toys each year. They are up against all the resources of a multi-million dollar industry.

A third point which has not yet been raised is that they receive a grant of $500 a year from the Canadian Toy Manufacturers' Association, and one could hardly call that a disinterested grant. It is probably hush money, but it did not hush-up the sulphuric acid when it leaked out of the battery of that toy car in Montreal. In the fourth place, the council receives no assistance whatsoever from the department. Maybe it gets moral backing, but moral backing is not worth much when they do not have the financial backing necessary to test toys.

I want to show the result of the council not having had backing from the department. On November 25 a member of the Toy Testing Council, Mrs. P. J. Pocock, made a statement which, curiously enough, was released by Eldon Industries of Canada, Ltd., the Canadian subsidiary of the U.S. based manufacturer

who produced the Eldon Poweride Car that nearly killed the Montreal child. I quote part of Mrs. Pocock's statement as follows:

"I examined the car in the company of an official of the Department of Consumer and Corporate Affairs and could see no hazard to a child under normal use. The same conclusion was reached by the officer of Consumer Affairs," Mrs. Pocock is quoted as having declared.

• (10:10 p.m.)

Eldon Industries of Canada president and general manager Dennis E. Tiberis insists that 'we are certain it is perfectly safe for children to use.

'Almost 200,000 of these cars have already been sold in the United States and have been in use for several months, and we know of no instances of children being harmed in any way,' he said.

The matter was raised in the Ontario legislature. It was also raised in this House, and around the beginning of this month the T. Eaton Company Limited took the car off the market, having become convinced that it was not a safe car for small children. On December 5 another statement was made by Mrs. A. B. R. Lawrence, the president of the Canadian Toy Testing Council. Her comment at this time was somewhat different from the statement made by Mrs. Pocock before the matter was raised. Mrs. Lawrence said that the second appraisal was ordered because of numerous inquiries and she reported as follows:

'The consensus of the Canadian Toy Testing Council is that while the car should present no hazard if used strictly according to the manufacturer's instructions, one cannot rely on preschoolers following these instructions closely,'—

The Acting Speaker (Mr. Béchard): Order, please.

Mr. Paul Langlois (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the first two speakers we had tonight brought us very near to the Christmas spirit and now, with the question of the hon. lady from Vancouver-Kingsway (Mrs. MacInnis) relating to toys, I think that brings us nearer still to Christmas day. I stand here trying to answer and I am trying to get a beard going, so I hope nobody takes me for Santa Claus.

An hon. Member: It is not the right colour.

Mr. Burton: I do not think his answer will be a Santa Claus answer.

Mr. Langlois: I would like to make it quite clear that the Department of Consumer and Corporate Affairs does not have the machinery nor the legislative authority to approve or disapprove of a specific toy. The department has not, therefore, approved or disapproved of this toy. However, because we had received some correspondence about this toy we wanted to learn more about it. Accordingly, an officer of the department examined the toy in the company of a lady connected with the Canadian Toy Testing Council. At that time the representative of the Toy Testing Council stated she did not believe that the toy was hazardous when used in accordance with the manufacturer's instructions.

An hon. Member: Can the children read them?

Mr. Langlois: Is anything wrong over there?

An hon. Member: Yes. Can the children read the instructions?

An hon. Member: Carry on.

Mr. Langlois: I hope that as a Member of Parliament and a very notable man, the gentleman on the other side will tell his children what to do. I note that that opinion was reaffirmed by the Canadian Toy Testing Council after extensive tests. In issuing the results of these tests a few days ago, the Canadian Toy Testing Council restated its caution that the toy should be used according to the instructions and under appropriate supervision. While this toy car carries an explicit warning on the battery, in addition to the warnings in the instruction manual, I understand the company intends to add a warning label on the seat.

An hon. Member: But can the child read it?

Mr. Langlois: The department is developing a safety standard for toys. Officials are working very closely with their British and United States counterparts in an effort to develop an effective standard that will protect our children from unnecessary hazards. This is a difficult task, as is shown by the fact that the British worked on their standard for a number of years. It is hoped that our standard will be ready within the next few months. When the safety standard is developed, we will be able to use our legislative authority under the Hazardous Products Act to deal with toys that do not meet the standard. I will bring the hon. lady's remarks to the attention of the minister.

Proceedings on Adjournment Motion

NATIONAL DEFENCE—BASE CONSOLIDATION—EFFECT ON MARITIME PROVINCES

Mr. Walter C. Carter (St. John's West): Mr. Speaker, on December 8 I asked the Minister of National Defence (Mr. Cadieux) a question which was prompted by a statement which appeared in the St. John's newspaper on December 4 to the effect the Canadian Armed Forces are very much interested in taking over the Argentia naval base if and when the United States decides to withdraw from that base.

We are all aware that some time ago a statement was made by the government of the United States to the effect that some 300 U.S. bases were being phased out around the world. Shortly after that statement was released, over 200 people—260, I believe—who were working on the Argentia naval base were paid off, which led people to believe that Argentia would be one of the bases that would be phased out amongst the 309 announced by the United States Secretary of Defence.

This is a very serious situation, Mr. Speaker. At the present time there are over 800 people working on that base. The economy of the entire area of Placentia Bay is fairly well dependent on the base. There is not a family in that whole area that does not in some way or another derive a living from this United States base. For that reason I was delighted to read in the newspaper that according to Vice-Admiral O'Brien, Commanding Officer of the Canadian Forces Base at Halifax, the Canadian Forces may be interested in taking over Argentia if and when the United States decides to phase it out.

I have directed a number of questions in this House to the Secretary of State for External Affairs (Mr. Sharp) asking what information he had received from his counterpart in the United States government with respect to the future of this and other bases in Canada. The answer has always been the same, that he has not received any indication from the United States authorities that Argentia will be phased out. I say to the minister and this House that there are very strong indications that the base will be phased out on June 30, 1970. It is about time the Minister of National Defence or his colleague, the Secretary of State for External Affairs, put the question to their counterparts in the United States government and found out once and for all where we stand with regard to United States bases in Newfoundland.

[Mr. Langlois.]

As I mentioned earlier, if and when these bases are phased out the social and economic consequences could be very tragic so far as the people in that area are concerned. I do not think it is enough for this government and the ministers involved to adopt the old ostrich psychology of sticking their heads in the sand and hoping nothing will happen. I think it is obvious to all of us, particularly the people in my riding, that the Argentia naval base is going to be phased out. I think the time has come for us to find out what is going to happen. The federal government and other levels of government should start making plans to provide other employment if and when this base is phased out.

We have had two very tragic events in Newfoundland in the last ten years. The closing of Pepperrell Air Force base left a large number of people unemployed. The later closing of Ernest Harmon Air Force base had very tragic effects on the area in and around Harmon Field and indeed all over Newfoundland. As the member for St. John's West, in whose riding the Argentia naval base is situated, I am not prepared to stand by and see the same thing happen. I do not think the people of the area deserve that treatment. I call upon the Minister of National Defence and the Secretary of State for External Affairs to put the question directly to the United States authorities.

• (10:20 p.m.)

What are the plans with regard to military and naval bases in Canada, with particular reference to the one at Argentia which, it is reported, will be phased out in little more than six months from now? If this base is closed, as I am reasonably certain it will be, serious thought should be given by the minister and by the government to reactivating it, even jointly, in order to give Newfoundland some of the defence dollar which it is not getting at the present time. I am not saying the money should be given out of charity but, after all, Newfoundland is in a very strategic position. This being the case, I believe the government should find some way to be fair to the province and make part of the so-called defence dollar available to our people, who are taxpayers and who are paying their share of defence costs.

Representations have been made by the Newfoundland command of the Royal Canadian Legion to the effect that Newfoundland is not getting its fair share of the defence dollar being spent in Canada today. I would certainly support their request—

The Acting Speaker (Mr. Béchard): Order.

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, as the hon. member for St. John's West (Mr. Carter) is aware, the reductions in civilian personnel at Argentia, Newfoundland, are part of the $3 billion defence spending cutback recently announced by the United States Secretary of Defence. The Canadian government was made aware of these reductions in advance and, incidentally, made a successful representation to the American authorities to improve the lay-off procedures for the affected personnel.

The two departments most directly concerned, Regional Economic Expansion and Manpower and Immigration, immediately made their resources available to assist the laid-off personnel to find other employment. I do not need to remind the hon. member that the Department of National Defence has been using Argentia as a staging base for the Tracker aircraft to carry out their coastal patrols, and will continue to do so. The department has carefully examined the feasibility of using Argentia as a permanent base but is unable at this time to extend its operation at Argentia beyond what is being carried out there now.

I can understand and sympathize with the concern expressed by the hon. member and I congratulate him on the representations he has made on behalf of those who are affected by the recent lay-offs. I recall very vividly the magnificent harbour of his beautiful and friendly province, the generosity of its people and the great part which was played by the Newfoundland bases of Argentia and St. John's in defending the lifeline to Europe during World War II. I can assure the hon. member that the government is equally concerned with this problem and that every effort is being made to alleviate the situation.

Mr. Carter: Mr. Speaker—

The Acting Speaker (Mr. Béchard): Order. The hon. member knows it is not the practice at this time to raise questions of privilege or points of order.

Motion agreed to and the House adjourned at 10.27 p.m.

HOUSE OF COMMONS

Friday, December 12, 1969

The House met at 11 a.m.

ROUTINE PROCEEDINGS

COMPANY OF YOUNG CANADIANS ACT

REQUEST FOR CONSENT TO EXPEDITE INTRODUCTION OF BILL

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, hon. members will have noticed the notice given by my colleague the Secretary of State on the notice paper this morning to introduce a bill to amend the Company of Young Canadians Act. In view of the element of urgency in respect of that bill and, in particular, so that the bill may be given first reading today and be available for study by hon. members this weekend in order that the House can proceed with the second reading debate on Monday, I wonder if we might have the unanimous consent of the House to waive the requirements of Standing Order 42 with regard to the two days' notice so that first reading might be given this morning?

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

PROVISION FOR APPOINTMENT OF COMPTROLLER

Hon. Donald S. Macdonald (for the Secretary of State) moved for leave to introduce Bill C-171, to amend the Company of Young Canadians Act.

Motion agreed to, bill read the first time and ordered to be printed.

CANADA GRAIN ACT

PROVISION FOR LICENSING OFF-TRACK PREMISES

Mr. R. R. Southam (Qu'Appelle-Moose Mountain) moved for leave to introduce Bill C-172, to amend the Canada Grain Act (off-track elevator licensing).

Some hon. Members: Explain.

Mr. Southam: Mr. Speaker, the purpose of this bill is to revise the definition of "elevator" in the Canada Grain Act so that an inland elevator is no longer restricted to premises served directly by a railway. The amendment thus authorizes the Board of Grain Commissioners to license premises that are off-track and serviced by other means of transportation. If this bill should be passed quickly it would assist hard-pressed western farmers by providing much needed extra space for grain delivery and storage.

Motion agreed to, bill read the first time and ordered to be printed.

• (11:10 a.m.)

ORAL QUESTION PERIOD

INDIAN AFFAIRS

ACTIVITY OF MEMBER OF PUBLIC RELATIONS FIRM EMPLOYED BY DEPARTMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Indian Affairs and Northern Development. In light of the fact that a telegram sent by the Fraser district Indian bands protesting the minister's proposed Indian policies was redrafted, after consultation with a member of a public relations firm which at the same time was working for the Department of Indian Affairs, to make the telegram more moderate, is it the position of the minister that his consultations with the Indians in British Columbia are giving him a clear picture of the attitudes of the Indians toward his policies?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have not seen the telegram regarding this alleged interference by an employee of a firm working for the department. I know, however, that in my several trips across Canada, in British Columbia more especially, I had the opportunity of meeting not only Indian chiefs but also other people and those who were willing to help clarify the situation have certainly done it in good faith. I believe

that such discussions can help the Indians as well as the Canadian people to understand better the government objectives.

[*English*]

Mr. Stanfield: A supplementary question. When the Department of Indian Affairs was informed by the member of the public relations firm himself that he had been nominated to the public relations committee of 41 Indian bands in the Fraser district of British Columbia, did the department inform those Indian bands that this man was a member of a firm which at the same time was doing work for the Department of Indian Affairs?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not aware of that aspect of the problem. I will look into it, however, and will be pleased to report to the House.

[*English*]

Mr. Stanfield: A further supplementary question. Will the minister immediately inform himself of this situation and take the earliest opportunity to notify the House of the measures he proposes to take to restore whatever confidence may still exist between his department and Indian bands generally?

Mr. Speaker: Order, please.

REGIONAL ECONOMIC EXPANSION

STATUS OF LAC LA BICHE NEWSTART PROGRAM

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I have a supplementary question or perhaps it might be classified as a related question in that it deals with our native people. I wanted to direct my question to the Minister of Regional Economic Expansion, but in his absence may I direct it to the Prime Minister.

In view of the fact that approximately $3 million was spent over a period of two years in building a training centre in Lac la Biche which was opened to students in February 1969, can the minister state why this centre has closed its doors to students and laid off over 20 instructors in the last two to three weeks?

Right Hon. P. E. Trudeau (Prime Minister): That department will be answering questions on Monday, Mr. Speaker.

Mr. Yewchuk: A supplementary question. Does the Prime Minister now feel that sufficient research conclusions were drawn from this program to warrant its early termination?

Mr. Speaker: Order. I would think that the supplementary question is not in order. The hon. member is asking the Prime Minister or the minister responsible to express an opinion, and I would not think that a supplementary in those terms is acceptable.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a supplementary question for the Minister of Indian Affairs and Northern Development. In view of the matter just raised by my colleague from Athabasca, would the minister care to comment on why his department finds it necessary to spend $37,500 a year on publicity in British Columbia while at the same time schools of this sort are closed?

Mr. Speaker: Order, please.

ENERGY

POLICY RESPECTING INTEGRATION OF U.S. AND CANADIAN RESOURCES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I had a question for the Minister of Energy, Mines and Resources. Unfortunately he was not here for the first part of the question period yesterday and is not here this morning, although he is on the roster for today. Therefore I shall direct the question to the Prime Minister. It has to do with the meeting which the Minister of Energy, Mines and Resources had with Mr. Walter Hickel, United States Secretary of the Interior. In view of the statement by the Canadian minister to the effect that the discussions regarding integration of energy resources of both countries would lead to greater economic integration, and in view of the fact he has already made extended statements to the press, may I ask whether the minister or the Prime Minister will make a statement on motions outlining the government's position, respecting the whole question of integration of the energy resources of Canada and the United States?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the questions, of course, which are being discussed between the United States and Canada deal with the possibilities of economic advantages to both countries from making better use of these resources. This is really based on the free trade attitude which we have with regard to the whole world and which is being looked at in this

connection. I am sure that when we are in a position to make a policy decision on specific proposals or issues the minister will report to the House.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Having regard to the fact that these policy decisions arouse fears on the part of many Canadians that we could be getting set up for an extensive sellout of our resources, would the Prime Minister be prepared to refer the whole question of energy integration to the appropriate committee of the House of Commons so that members may have some information regarding the government's position and so that various groups in Canada who are interested in this question may have an opportunity to submit their views?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, because we have no fear that there will be a sellout, as the hon. member puts it, I have no reason to consider his question.

OIL—USE OF ALBERTA PRODUCTION IN EASTERN CANADA

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in reference to the answer just given by the Prime Minister that he has no fear, I wonder whether I might quote an answer given yesterday in reference to a question I would have followed up yesterday if there had not been many questions on this subject and I did not want to take up the time of the House then. It is very brief. The minister said—

Mr. Speaker: Order, please. The hon. member should ask a question. I would think it would be irregular to quote questions asked or answers given yesterday.

Mr. Woolliams: I just want to put the preamble so the Prime Minister will appreciate it. The minister said yesterday that it was too expensive to take western crude into Quebec and eastern markets either by pipeline or otherwise. Would he consider referring that matter to the appropriate committee in order to determine whether or not it is economically feasible to pipe crude petroleum from one part of Canada to another rather than having the market fall under United States influence?

Mr. Lang: Mr. Speaker, I should like to look at the exact words the minister used. I believe he was talking about the possibility of greater expense. I would have to refresh my mind about that, but I will certainly draw these representations to the minister's attention.

Mr. Woolliams: Mr. Speaker, I rise on a question of privilege. There was some objection to my putting the question. Had I done so the minister would have known what was said. I should like to read one sentence into the record so the minister and the Prime Minister will know exactly what I was asking. This is what the minister said as recorded on page 1851 of *Hansard* for yesterday:

> Mr. Speaker, if oil were sent from Alberta to Quebec, in the east, it would be very costly. Indeed, pipelines would have to be built from western Canada, which would not be profitable.
>
> Presently, if the oil consumed in the east contains equal parts of Canadian and foreign oil, that constitutes a good market for western oil. Besides, it is possible to get oil cheaper, in the east.

Mr. Speaker: Order, please. The hon. member said he was putting a sentence on the record. It seems to me that this is much longer than a sentence. I doubt that there is a question of privilege but in any event perhaps the hon. member has just about reached the end of the citation.

Mr. Woolliams: I have reached the end of the citation, Your Honour. My question of privilege is this, and I think it affects every member who asks questions. There are times when you have to give a preamble so as to inform the Prime Minister or other minister who is going to answer the question. This is particularly true when, as today, the government only has a corporal's guard here on Fridays.

Mr. Speaker: Order. The minister is rising on the question of privilege.

Mr. Lang: On the question of privilege, may I say that if hon. members opposite would ask direct questions they would get direct answers.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. I wonder whether any useful purpose would be served by pursuing this matter. I remind hon. members that the question period is limited in time. Every day we seem to be running out of time. If half the period is taken up by points of order and questions of privilege I suggest it is not entirely fair to the hon. members who are waiting to ask questions.

Inquiries of the Ministry

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the minister a direct question in the expectation of getting a direct answer. Is the minister prepared to inform the House of the nature of the United States proposal so that we and the people of Canada may have an opportunity to consider it before the government makes a decision one way or the other with which we shall be stuck?

Mr. Lang: There is no question of a specific proposal; rather, there is discussion of the whole issue so as to clarify the position of the two countries. The Americans are engaged, as we are, in a major review of policy with regard to this matter, and arising out of these reviews will no doubt come possible solutions and suggestions for action. Until that time, the government cannot really come to grips with this issue, let alone discuss it with the House as a policy matter.

Hon. George Hees (Prince Edward-Hastings): Is that the minister's idea of a direct answer, and, if it is, would he mind going back to school and learning how to answer directly?

Mr. Speaker: Order.

An hon. Member: Is that a direct question?

Mr. Speaker: I see there are three hon. members rising to ask supplementary questions on the same subject. May we have order, please? I hope hon. members will take into consideration the suggestion I made the other day about limiting supplementaries if we are to accommodate members in the second, third and fourth rows who are waiting for the chance to ask legitimate questions.

Right Hon. J. G. Diefenbaker (Prince Albert): In view of the statement just made by the minister I ask him whether or not the Minister of Energy, Mines and Resources was stating government policy yesterday when he said that if oil was sent from Alberta to Quebec and the east it would be very costly, pipelines would have to be built from western Canada which would not be profitable, and so on. Has the government made any decision which prompted the minister to make that statement yesterday?

Mr. Lang: I am grateful to the right hon. gentleman for reading that statement. It was a statement about the situation—and not a statement of policy at all.

[Mr. Speaker.]

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I ask the minister a direct question? Is he prepared to table in the House any studies that corroborate the statement of the Minister of Energy, Mines and Resources to the effect that it would be more costly to ship western crude to Montreal than to purchase it offshore? Will he also tell the House the sources from which this information came, and who made the studies in question?

Mr. Lang: I am sure that if the minister were here this is a question which he would undertake to consider and I will certainly bring it to his attention with that in mind.

[*Translation*]

INCOME TAX

INQUIRY AS TO TRANSFER TO PROVINCES

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to put a question to the Prime Minister.

Would he tell the house whether he is prepared to listen attentively to a request from British Columbia that the federal government vacate the personal income tax field in favour of the provinces?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have listened very attentively to that question at least twice.

[*English*]

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS —CONCILIATION BOARD REPORT

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, as a member who just made it through the curtain to the fifth row I should like to ask a question of the President of the Treasury Board. Can he indicate whether the conciliation board report with regard to the negotiations between the Canadian Air Traffic Controllers Association and the Treasury Board has yet been received and, if not, will the report be received by the indicated deadline today in order to avert the possibility of a nationwide strike?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, we have not yet received the report but hope to have it early this afternoon.

Mr. Lundrigan: I have a supplementary question for the Minister of Transport. Can the minister indicate whether his department has taken any action to ameliorate the situation in that section of his department where high morale is of the essence?

Hon. Donald C. Jamieson (Minister of Transport): I am not sure that I fully understand the question. In so far as the negotiations are concerned they are, of course, the direct responsibility of the President of the Treasury Board. With regard to negotiating matters, I hope we have a continuing liaison with the air controllers to improve their conditions generally. If the hon. member has a specific question, I would be glad to deal with it.

Mr. John L. Skoberg (Moose Jaw): I have a question for the Minister of National Defence. Could he answer the question asked him the other day with regard to whether or not Armed Forces personnel would be used to do the work of the air traffic controllers in the event of a strike?

Hon. Léo Cadieux (Minister of National Defence): If you would allow me to use your words, Mr. Speaker, may I say that this is a hypothetical question.

Mr. Skoberg: I have a supplementary question, Mr. Speaker. The other day the Minister of Transport suggested to the press that this may be the case. The minister has denied it, and I think that a direct question put to the Minister of National Defence should be answered in the House—

Mr. Speaker: Order, please.

Mr. J. M. Forrestall (Dartmouth-Halifax East): I have a supplementary question, Mr. Speaker, which I wish to direct to the Minister of Transport. Could he indicate that military personnel will not be used in the air traffic control centres in the event of a strike? Can he give us such an assurance inasmuch there is much concern about the matter?

Mr. Jamieson: I cannot give that kind of an assurance, but I welcome the opportunity to say what I said the other day. I was asked what would happen in the event of an emergeny where an aircraft happened to be in the air and would be in real difficulty in the event of a strike. I said that under those circumstances there might be in that area military personnel who would be able to bring that plane in. That was the sum total of what I said with regard to that matter.

Mr. Lundrigan: I have a supplementary question for the Minister of Transport. Would he be prepared on Monday to make a statement on motions clearing up the confusion which is causing a number of people concern and which arose as a result of statements made outside the House along the lines indicated by hon. members in their questions to the Minister of National Defence?

Mr. Jamieson: I have just said precisely what my statements outside the House were. I cannot be responsible for their interpretation or reporting. I repeated to the House what I said then, that if there were an emergency situation involving an aircraft, quite possibly that plane could be brought in by armed forces controllers.

NORTHERN AFFAIRS

USE OF DRIFT STATIONS IN ARCTIC RESEARCH

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct this question to the Minister of Indian Affairs and Northern Development. In view of the intensified Arctic research by the Soviet and American governments through the use of drift stations, will the minister take an early opportunity to inform the House what Canada is doing in this area?

An hon. Member: Drifting.

Mr. Speaker: Order, please. The hon. member is inviting the minister to make a statement which should be made on motions. However, the minister may indicate to the House whether he proposes to do this.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I shall be pleased, when the occasion arises, to report to the House.

INDIAN AFFAIRS

ACTIVITY OF MEMBER OF PUBLIC RELATIONS FIRM EMPLOYED BY DEPARTMENT

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): While I am on my feet, Mr. Speaker, I should like to answer a question asked by the Leader of the Opposition (Mr. Stanfield) in respect of a request for assistance addressed by the Indians of British Columbia to a public relations firm. It is true that the Indians asked this firm to help them, but the terms of

reference given were valid only for the meeting attended by its representative. It is always the role played by the people in these areas, pursuant to instructions from the department, to help the Indians in order that they get as much publicity as possible, so that the public will know their situation and the manner in which they are treated by the government.

[*English*]

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. Is it the position of the minister that it is proper for his department to retain a public relations firm and not inform the Indian bands who may be using members of that firm without any knowledge as to the conflict of interest?

Mr. Speaker: Order, please. The Leader of the Opposition is asking the minister to express an opinion whether it is proper or improper to do something. The question as asked certainly is not in order.

Mr. Stanfield: I was merely seeking information as to what is the policy of the department. Is it the policy of the department to avoid informing the Indian bands of such conflicts of interest?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the policy of the government is to help the Indians as much as possible, to make their problems known to the Canadian people and to parliament.

[*English*]

PUBLIC SERVICE

DELAY IN ISSUING RETROACTIVE PAY CHEQUES—INCOME TAX POSITION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Supply and Services. Is the minister now in a position to answer my question of Tuesday as to whether arrangements can be made for any retroactive pay cheques not received by civil servants until 1970 either to be dated in 1969 or issued in such a way that they will be subject to income tax this year rather than next year?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, the policy is that cheques must be dated in the year in which they are issued. It would not be a good precedent for the government to set for other employers to allow checques to be dated in other years than the one in which they are issued.

[Mr. Chrétien.]

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. If it is beyond the wit of the government to do this, will it make a supreme effort to get all these cheques issued before the end of December?

Mr. Richardson: Mr. Speaker, I have reported to the House frequently on the progress being made in that respect, and particularly on the amount of very hard work being done by the personnel in the Central Pay Office. Every effort is being made to get out as many of these cheques as possible, particularly before Christmas.

Mr. David Orlikow (Winnipeg North): Can the minister give members of the House and the employees, who are very concerned, an assurance with regard to the date by which all the outstanding cheques will be issued if they cannot be issued by the end of December?

Mr. Richardson: Mr. Speaker, we are current with regard to all the collective agreements, but there are salary changes and other adjustments being made at all times and I cannot give a date by which all cheques will be issued.

[*Later:*]

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, mine is a supplementary question on the matter of retroactive pay, and it is in connection with representations that I previously brought forward in the House on this subject. Has the minister received the legal opinion that he said he was requesting on this matter and, if so, did he advise the Professional Institute of said legal opinion?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, we have been in communication, both written and oral, with the counsel for the Professional Institute, and this is continuing.

[*Translation*]

BANKRUPTCY

INQUIRY AS TO AMENDMENT OF ACT

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to direct my question to the Prime Minister.

I should like to ask him whether, as a result of the report recently brought forward by Judge Hughes about the bankruptcy of the Atlantic Finance Corporation, he could say whether action will be taken in order to

amend the Bankruptcy Act so as to prevent similar bankruptcies in the future?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I shall refer the question to the Minister of Consumer and Corporate Affairs who deals with the administration of the Bankruptcy Act.

[*English*]

PUBLIC SERVICE

EFFECT OF CUTBACKS ON WAR AMPUTEES

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, my question is for the right hon. Prime Minister and is supplementary to one which he accepted yesterday on behalf of the President of the Treasury Board from the hon. member for Calgary North. Will the Prime Minister invite the Minister of Veterans Affairs in particular to establish for certain that in effecting lay-offs in his department proper consideration is being given to war amputees, in view of the fact that their opportunities for re-employment elsewhere are very greatly diminished by the severity of their war-incurred disabilities?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did say yesterday that I would have the department and the minister look into this question. I have made this request. I have not had an answer yet.

Mr. Groos: A supplementary question, Mr. Speaker. Would the Prime Minister invite the President of the Treasury Board to relax the directions that he has been giving or is giving, in particular to the Minister of Veterans Affairs whose department, I believe, employs more amputees than any other department of government?

Some hon. Members: Hear, hear.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my supplementary is directed to the President of the Treasury Board. Has he a statement to make in reference to this question which I raised yesterday and can he assure the House that apparently what the Parliamentary Secretary now says is a *fait accompli* will not be continued as a policy by the government?

Hon. C. M. Drury (President of the Treasury Board): In respect of the question asked yesterday, Mr. Speaker, I have not been informed as to the result of inquiries being made.

Inquiries of the Ministry

PENITENTIARIES

POSITION OF NEGOTIATIONS RESPECTING EMPLOYEES' SALARIES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question has to do with one I raised yesterday in the absence of the Solicitor General and the President of the Treasury Board concerning the position of penitentiary guards and other custodial officers, which I find is general across the country, that they have been advised that their increase in salary is to be limited to 2 per cent. In view of the fact that in various parts of the country fear is now being expressed that in order to secure justice they will have to strike, will the minister reconsider this matter inasmuch as he and I and everyone else knows that a 2 per cent increase will not put these people in a fair and reasonable position?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, proceedings in this particular case are now taking place before an arbitration tribunal.

WATER RESOURCES

SURVEY IN NORTHERN ONTARIO BY U.S. ARMY CORPS OF ENGINEERS

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Acting Minister of Energy, Mines and Resources. It is related to the previous questions on natural resources. Is the United States Army Corps of Engineers in fact presently making surveys of waters in Northern Ontario to determine potential fresh water resources upon which the United States might draw?

Hon. Otto E. Lang (Minister without Portfolio): I should believe not, Mr. Speaker, but I would certainly like to check for certain.

ECONOMIC COUNCIL

REDUCTION OF PERMANENT SECRETARIAT, EMPLOYMENT OF OUTSIDE CONSULTANTS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, my question is directed to the President of the Treasury Board on the same important matter about which he was so brilliantly evasive the other day. Will he now advise if the austerity restrictions which would have the effect of reducing the secretariat of the Economic Council of Canada and preventing it from engaging outside consultants have been or are being lifted?

Inquiries of the Ministry

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, there are no restrictions imposed upon the Economic Council of Canada on the hiring of outside consultants other than an over-all budgetary ceiling, but within that budgetary ceiling the Council is free either to engage their own staff to accomplish their purposes or to engage outside consultants.

Mr. Macquarrie: A supplementary question. Has this very important body suggested to the minister that because of these restrictions it is in fact not able to do an effective job?

Mr. Drury: Almost every government department has made similar representations, Mr. Speaker.

AIRPORTS

TORONTO—CONSULTATION WITH PROVINCIAL AND MUNICIPAL GOVERNMENTS ON PROPOSED SITE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is directed to the Minister of Transport. On November 21, as reported at page 1084 of *Hansard,* the minister, speaking of the location of the proposed new airport at or near Toronto, said that the provincial government had requested the federal government to refrain from any involvement with the municipalities. Mr. Robarts, the Prime Minister of Ontario, is reported this morning as having completely denied this statement.

Mr. Speaker: Order, please. The hon. member should come to his question as quickly as possible.

Mr. Brewin: I am coming to the question, Mr. Speaker. Will the minister, in the statement he proposes to make to the House in this connection, explain this apparent contradiction?

Mr. Speaker: Order, please.

[*Translation*]

HOUSE OF COMMONS

BILINGUAL BONUS FOR PROTECTIVE SERVICE

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, in view of the fact that the holiday season is fast approaching, perhaps you will allow me to ask you a question since it is one of your responsibilities, as Speaker of the House—

[Mr. Macquarrie.]

Mr. Speaker: Order. The hon. member knows that under Standing Orders, he cannot ask the Chair any questions. He must do so in writing.

Mr. Valade: Mr. Speaker, I would like to rephrase my question and, through you, put it to the minister in charge of the protective service in parliament.

Since, a few years ago, the employees of this service underwent examinations in order to be eligible for the bilingualism bonus, does the government intend to give them that bonus at last?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, as I said a few months ago, we have considered the matter and decided that the employees mentioned by the hon. member must have the same status as other civil servants. Indeed, the premium is given only to the secretaries and the government is not ready at the present time to extend that measure to other members of the staff.

Mr. Valade: Mr. Speaker, could the minister tell the house why those employees were asked to sit for examinations on bilingualism?

Mr. Macdonald (Rosedale): They were asked to do so at the same time as other civil servants.

[*English*]

Mr. Speaker: Order, please. The hon. member for Annapolis Valley.

COMPANY OF YOUNG CANADIANS

APPOINTMENT OF COMPTROLLER

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, recognizing your wish to reduce supplementary questions I should like to ask the Prime Minister a question in three parts concerning the bill tabled in the House today to amend the Company of Young Canadians Act. First, with regard to the decision to appoint a comptroller with no time limit, does this not go against the committee report recommending trusteeship? Second, has a comptroller been chosen and, third, if so, who is he?

Right Hon. P. E. Trudeau (Prime Minister): I should think, Mr. Speaker, this can be discussed when the bill is being debated.

Mr. Nowlan: Mr. Speaker, in view of the answer I have to ask a supplementary question. Is this the only legislation contemplated by the government affecting the Company of Young Canadians?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, the other recommendations of the Standing Committee are now under consideration. It is important to emphasize that from the financial standpoint it is urgent that this particular matter receive attention and be disposed of by the House at an early date and, second, all of these questions can be fully debated on Monday next when this bill will be the first order of business.

Mr. Nowlan: Mr. Speaker, I have a supplementary question for the President of the Privy Council which I had not intended to ask because I thought my question was straightforward. Has a decision been taken on the recommendation of the committee that the CYC be placed under trusteeship?

Mr. Macdonald (Rosedale): Mr. Speaker, the decision taken and announced by the government this morning is that there should be urgent arrangements to take financial control of the company. Other government decisions with respect to this matter will be announced in due course.

[*Translation*]

ESTABLISHMENT OF ROYAL COMMISSION ON SUBVERSION

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a supplementary question for the Prime Minister.

When he was asked the same question previously, his answer was that he was waiting for the committee report. As he has now received this report, I would like to ask him if he intends to accede to Mr. Saulnier's request that a Royal Commission be established to inquire into subversive activities in Canada.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the committee has not recommended anything of the sort and the government does not intend to establish such a commission.

[*English*]

POST OFFICE

VANCOUVER—ADVERTISING OF JOBS AT DIFFERENT RATES OF PAY FOR MEN AND WOMEN

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. Would the Prime Minister state what he is doing about the telegram he received from Vancouver charging that Post Office jobs there are being advertised at one rate for men and another lower rate for women?

Some hon. Members: Shame!

[*Later:*]

Mrs. MacInnis: A point of order, Mr. Speaker.

Mr. Speaker: Order. The hon. member for Vancouver-Kingsway is rising on a point of order?

Mrs. MacInnis: Yes, Mr. Speaker. I was sure when I asked my question of the Prime Minister that I detected an intention on his part to rise and come to the defence of women in a matter which is of great concern to them. I wonder whether, in Your Honour's anxiety about the passing of the question period, there was not a damper put on the Prime Minister rising at that time.

Right Hon. P. E. Trudeau (Prime Minister): On the point of order, Mr. Speaker, it is true that I had the intention of rising, perhaps too slowly, but I did not know if there would be another part to the question. I was asked what I would do with the telegram. Well, I will read it and I will confer with the minister responsible. It will be a question for the Minister of Communications. I will discuss it with him. I personally would like to state that I would see no objective reason for this differential rate.

Some hon. Members: Hear, hear.

Mr. Trudeau: If there is any explanation—

Mr. Speaker: Order, please. I think the point of order has been settled.

NATIONAL PARKS

TAX INCREASES LEVIED ON BANFF AND JASPER RESIDENTS

Mr. Allen B. Sulatycky (Rocky Mountain): Mr. Speaker, may I direct a question to the Minister of Indian Affairs and Northern Development. As the tax increases which are being levied on the residents of Banff and Jasper are likely to have a severe impact on many people, is the minister prepared to consider a program of implementing these increases over a period of time?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr.

Inquiries of the Ministry

Speaker, I take due notice of the hon. member's recommendation.

[*English*]

FEDERAL-PROVINCIAL RELATIONS

FEBRUARY CONFERENCE—ATTITUDE OF PROVINCES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. In view of the response by the ten provincial premiers to questions put to them yesterday by the Canadian Press to the effect that they show no enthusiasm whatsoever for the conference which the government of Canada is to hold with them on February 16, is it the intention of the government to go ahead with the conference anyway and, if so, is it the intention of the Prime Minister to change this government's approach toward these federal-provincial conferences?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when I wrote to the premiers last October I suggested then that the February conference should be held as the premiers had said that they had many things to discuss besides the constitution. I am somewhat surprised now to hear the hon. member say that the premiers are not interested in having this meeting. If such is the case, I can only ask myself why this is so as my suggestion was made as a result of their remarks.

Mr. Hees: If the Prime Minister would read the well publicized Canadian Press dispatch on this matter he would learn the answer. Further, does he not consider that less of a take it or leave it attitude by the government would encourage the premiers to be more attracted to this conference?

Mr. Speaker: Order, please.

INDIAN AFFAIRS

DENTAL SERVICE FOR HIGH SCHOOL STUDENTS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. What action has the minister taken to deal with the problem brought to public attention by Mr. Paul McRae, principal of Sir Winston Churchill Collegiate in Fort William, that Indian students are being denied dental care because of red tape in dealing with the department in Ottawa?

[Mr. Chrétien.]

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, medical services for Indians do not come under my department's jurisdiction, but I can assure the hon. member that I shall inform the Minister of National Health and Welfare about this problem.

If the responsibility of my department is brought into question in any way I shall take the necessary steps to cope with the situation.

[*English*]

GRAIN

INQUIRY AS TO LEGISLATION FOR PAYMENT ON FARM-STORED CROPS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the minister responsible for the Canadian Wheat Board. In line with the thinking the minister expressed recently before the Alberta Farmers' Union in Edmonton when he indicated that steps need to be taken to increase producers' returns and also that transportation, storage and handling charges are part of the over-all costs, can we expect that he will be introducing legislation in the House to provide for payments on farm stored grain?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, any decision in regard to a change in government policy would be announced in due course.

EXTERNAL AFFAIRS

GREECE—SUGGESTED URGING OF EXPULSION FROM NATO

Mr. J. Edward Broadbent (Oshawa-Whitby): My question is directed to the Prime Minister, Mr. Speaker. Since the announcement by the government of Greece this morning of its intention to withdraw from the Council of Europe indicates that it does not intend to democratize its regime, will the Prime Minister consider, at the earliest possible date, urging the expulsion of Greece from NATO?

Right Hon. P. E. Trudeau (Prime Minister): I shall draw the matter to the attention of the Secretary of State, Mr. Speaker.

AGRICULTURE

SAFETY OF CHEMICALS USED

Mr. H. W. Danforth (Kent-Essex): I should like to direct a question to the Minister of Agriculture. Since plans for next year's crop

production are now being formulated, can the minister indicate if there is any departmental doubt regarding the safe use of any other agricultural chemical and if an early statement will be made on this matter to the House?

Mr. Speaker: I suggest the question can be accepted only to the extent that the member is asking the minister to make a statement.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I do not intend to make a statement in the very near future because I do not know of any other chemicals the nature of which is so serious as to require examination by the House.

INQUIRY OF THE MINISTRY

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the President of the Treasury Board. Since he has so ruthlessly wielded his axe against veterans across the land, whose only crime was to serve their country, may I ask if he is giving the same consideration to reducing the ever-growing staff in the Privy Council office, particularly the army surrounding the Prime Minister?

Mr. Speaker: Order, please.

NATIONAL DEFENCE

EXPANDED ROLE OF RIVERS AIR BASE

Mr. Craig Stewart (Marquette): I wish to direct a question to the Minister of National Defence. Is the minister in a position to announce the new expanded role of Rivers air base? If not, when can we expect an announcement?

Mr. Speaker: I think that question should be placed on the Order Paper or discussed at the time of adjournment.

AGRICULTURE

ESTABLISHMENT OF NATIONAL MARKETING BOARDS

Mr. R. E. McKinley (Huron): I wish to direct my question to the Minister of Agriculture. Because of the pressure being applied by many farm organizations and provincial marketing boards for the establishment of a national marketing board, has the minister received assurance from all the provinces of Canada that this field of jurisdiction, which I understand is now theirs, will be provided to the federal government by the passing of enabling legislation?

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker. The provinces have not given an undertaking that they will delegate all of their jurisdiction, responsibility or authority to a national marketing agency. However, all the provinces have indicated support of the principle and concept of setting up a national marketing agency to better co-ordinate the functions of all of the provincial agencies so that the end result will be more in line with what the producers expect.

FLOODS

APPROVAL OF DAMAGE CLAIM SUBMITTED BY SASKATCHEWAN

Mr. John L. Skoberg (Moose Jaw): My question is directed to the President of the Treasury Board. Can the minister state whether the flood damage claims by the province of Saskatchewan have been finalized?

Hon. C. M. Drury (President of the Treasury Board): Yes, Mr. Speaker.

AGRICULTURE

INCLUSION OF OILSEEDS UNDER CROP INSURANCE PROGRAM

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Agriculture. In light of the recommendations made by the Saskatchewan Farm Union at its recent meeting in Saskatoon, will the government give consideration to including oilseeds under the crop insurance program?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, this question has been asked at least 50 times in the last two weeks.

Mr. Speaker: Order, please.

[*Translation*]

CANADIAN CONSTITUTION

ATTITUDE OF FEDERAL GOVERNMENT TOWARD QUEBEC

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I wish to direct a question to the Prime Minister.

Trust Companies Act

At the end of the last federal-provincial conference the premier of Manitoba, said, and I quote:

—the main obstacle to the constitutional review is the attitude of the federal government toward Quebec—

Mr. Speaker: Order. Would the hon. member ask his question? A member wishing to ask a question should not quote a statement made outside the House and use it as a basis for his question. The question should be asked directly.

Mr. Ricard: Mr. Speaker, I should like to ask the Prime Minister, in view of the differences of opinion that prevails, whether he is prepared to give his views on the filibustering practised by the federal government at the conference on the constitution.

Right Hon. P. E. Trudeau (Prime Minister): I think, Mr. Speaker, that I should say there was no filibustering, but that the hon. member was referring to a statement by the premier of Manitoba which, if I am not mistaken, was tantamount to a request or a proposal to the effect that the province of Quebec might enjoy a particular status. If the hon. member is referring to that aspect of the premier's intervention, I could simply tell him that as far as he is concerned, he might have to claim a particular status for his province. As far as we Quebecers are concerned, we believe that we represent the people of Quebec in Ottawa as adequately as do members from any other province.

[*English*]

GOVERNMENT ORDERS

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INCORPORATION, OPERATION AND ADMINISTRATION

Hon. Herb Gray (for the Minister of Finance) moved that Bill S-8, to amend the Trust Companies Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, this bill proposes to make certain amendments to the Trust Companies Act, the act which governs the activities of federally incorporated trust companies in Canada. There are nine such companies presently active, but they transact close to one-third of the trust company business in this country.

The amendments before us have four principal purposes: First, to provide certain expansions in the investment powers of trust companies; second, to establish a better and more flexible system of controlling companies if they should get into financial difficulty; third, to extend the prohibitions against investments and loans where there may be a conflict of interests and, fourth, to establish a letters patent system of incorporating companies and amending existing charters.

Dealing with investment powers, Mr. Speaker, a number of changes are proposed principally for the purpose of bringing the investment powers of trust companies into line with those of insurance companies as provided in amendments made in 1965. Pursuant to these changes, trust companies will be permitted to make mortgage loans on the security of leasehold as well as freehold real estate, to make investments outside Canada in any country in which they are doing business, to make investments in real estate for the production of income that qualifies on the basis of an earnings test and to make investments in real estate for the production of income in larger parcels than is presently permitted.

They would also be enabled to invest or lend guaranteed trust funds at their own discretion up to a maximum of 7 per cent of these funds. This corresponds to the so-called "basket" provision available to life insurance companies. At present, the power to make mortgage loans is subject to a restriction that the amount of any mortgage cannot exceed 75 per cent of the value of the real estate unless the excess is insured through a government agency. An amendment would permit mortgages to be made in excess of the 75 per cent limit if the excess is insured through a policy of mortgage insurance issued by a registered insurance company. Other changes would effect an expansion of investment powers in certain minor respects, bringing them into line with the powers of insurance companies.

Trust companies would be granted authority to own subsidiary companies in certain circumstances, subject to terms and conditions specified by the Governor in Council. They would be empowered to own and operate as subsidiaries, trust companies incorporated outside of Canada, companies incorporated to establish and operate a mutual investment fund, mortgage loan companies, or companies engaged in any activity reasonably ancillary to that of a trust company.

The existing requirement for a minimum statutory margin on collateral loans would be removed and companies would be able to

exercise their own discretion with respect to the margin of collateral over the amount of the loan.

The existing prohibitions against making loans to officers or directors would be expanded to prohibit loans to or investments by any major shareholder and also loans to or investments in any other corporation if a director, officer or major shareholder had a significant interest in that other corporation.

With respect to proposed revisions in the system of supervision and control of trust companies, the present act enables the minister to impose conditions or limitations in the licence of a company which is subject to annual renewal. The act also requires the superintendent to report to the minister if he considers that the assets of the company are insufficient to justify its continuation in business and the minister has the authority to suspend or cancel the licence of the company. It is now proposed that some flexibility be introduced to give certain states of control short of factual cancellation of the licence. The proposals are similar to those included in the proposed amendment to the Canadian and British Insurance Companies Act with which we will be dealing later.

• (12 noon)

They would require the Superintendent to report to the minister when he considers that a company is in weak financial condition, where it has exceeded its borrowing powers or where the assets in Canada are not sufficient to cover the liabilities in Canada. The minister could then take one or more of three steps: he could impose conditions in the company's licence; he could prescribe a time within which the company is to remedy the defect; or he could direct the Superintendent to take control of the company's assets.

In any case where the Superintendent has control of a company's assets, the minister may request the Attorney General to apply to a Superior court for an order, or requiring the Superintendent to take control of a company for its rehabilitation, or he may request the Attorney General to apply for a court order to wind up the company under the Winding-up Act. The Superintendent would be empowered to assess other trust companies for the expenses involved in control of a company by him.

As further steps in the pattern of improved supervision and reporting, trust companies would be required to file quarterly statements to permit up-to-date information to be gathered as to their liquidity position, and also semi-annual statements showing the changes in investments and loans. A provision would be inserted requiring companies to maintain a liquidity reserve equal to 20 per cent of the guaranteed funds repayable on demand or repayable within 100 days. This reserve would have to be in the form of federal or provincial bonds or cash.

Now, we come to another important amendment. At present, trust companies are limited to accepting guaranteed trust funds which do not exceed in total 15 times their capital and surplus. The amendment would propose that this limit be raised to 20 times, subject to approval by the minister on specific application by a company. This amendment, like the one I have just mentioned in connection with the amount of mortgage a trust company can provide, will enable trust companies to make more money available for mortgage lending. An important part of trust company business is in the mortgage lending field—in lending for housing purposes. The minister responsible for housing has told me the trust companies have been contacting him to stress the importance of approving these amendments if their mortgage lending is not to be curtailed, and if they are to be able to respond to the minister's request that they allocate more funds for lending for housing purposes.

At the present time, new federal trust companies may be incorporated only by special acts of Parliament and charters of existing companies can be amended only by an amending act. The amendments proposed would establish a new system of incorporating companies and amending existing charters. This would be by letters patent issued by the corporations branch of the Department of Consumer and Corporate Affairs, subject to the concurrence of the Minister of Finance. This would mean that in any application for a new charter the Superintendent of Insurance would investigate the matter just as he does now with respect to an application for a private bill. Notice of application for letters patent would be required to be published in the *Canada Gazette* in a way similar to that required now for the introduction of a private bill.

Existing charters, even those granted by special act of parliament, could be amended by letters patent under the proposals in the bill. Provincial companies seeking to change their status to that of federally incorporated companies would be enabled to do so pursuant to letters patent continuing the company as a federal company. However, the grant of letters patent for this latter purpose would be

subject to the concurrence of the province of incorporation and to the enactment of appropriate provincial legislation, if necessary. These changes would simplify the system of granting charters and amendments to existing charters and would permit a more effective use of the limited parliamentary time available for legislative purposes. However, the same work of inspection would be done. A standard form of letters patent would be used but there would be sufficient flexibility to provide for special circumstances; charters could contain or could be amended to impose limits on voting rights or on share ownership, if desired by the incorporators of the shareholders.

At the present time, the initial capital for any new company is specified in its private bill and is considered by Parliament on an individual basis. The proposed change in the system of incorporation also specifies that before a company may be authorized to commence business it must have a minimum capital of at least $1 million.

The proposals concerning the change in method of incorporation are similar to those proposed for insurance companies and mortgage loan companies.

A number of other amendments are also proposed. Many of these are changes in wording or changes for the purpose of altering an administrative procedure. One of the principal items dealt with is a requirement that notice of any major transfer of stock must be given to the Superintendent of Insurance at least 30 days before the transfer is to be effected, together with full information concerning beneficial ownership. This would be required in respect of the transfer of a block of stock in excess of 10 per cent of the total and in the case of a transfer which would have the effect of changing control of the company. This would not constitute a veto power in the hands of the Superintendent or of the government, but would require full disclosure and prior notice.

Another amendment would limit the maximum age of eligibility to be elected as a director to 75 years with effect from 1972. This change parallels the change which was made in the Bank Act a few years ago. Also, three-quarters of the directors of a company would be required to be Canadian citizens resident in Canada rather than only a majority as at present. This also parallels the requirement in the Bank Act.

The existing provision enabling a company to issue share warrants would be repealed.

Share warrants in this sense refer to a certificate issued by the company enabling the holder to demand certain shares of stock from the company. It is not the same as a share purchase warrant as commonly used in references to security markets at the present time. No company issues these share warrants now, and it is considered that if the practice were to be used it would be such as to defeat the provisions in the Act limiting the non-resident ownership of shares. Some amendments are proposed for the purpose of clarification with respect to the present limitations on non-resident ownership and for the purpose of specifying that voting rights of non-residents are preserved if they were acquired at a time when a company was exempt from the restrictions.

Some changes are proposed in the requirements with respect to auditing. These would specify the qualifications of an auditor, to bring them into line with the specifications in the Bank Act, and the Superintendent would be given power to expand the scope of the audit if he thought this action was necessary.

A number of other less important amendments effecting, principally, changes in wording are also proposed. Hon. members will find the bill even more extensive than the amendments I have described would appear to inicate, particularly with respect to investment powers. This is because, under the Trust Companies Act, investment and lending powers are dealt with in three separate places. The first deals with unguaranteed trust funds, the second with guaranteed trust funds, and the third with company's own funds, that is, its capital, surplus and retained earnings.

Changes are proposed to transfer certain responsibilities from Treasury Board to the minister in recognition of changes in the organization of government departments.

I would be pleased to attempt to respond to detailed questions when the bill is before the finance committee. I repeat, it is considered that its approval would assist in increasing the supply of funds available for mortgage lending, particularly for housing purposes, and increase the ability of federally incorporated trust companies generally to provide services to the public. I would, therefore, ask the support of the House for this bill.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the nature of this measure, some 58 pages in length, inspires the somewhat technical character of the statement made by the minister. This bill, dealing as it does with

restrictions on lending at arm's length, the nature of shareholdings, and so on, can be deemed to be lawyers' law. As one wanders through the bill, it takes a great deal of ingenuity to follow the particular changes that are being made.

• (12:10 p.m.)

I would commend to hon. members for their edification the transcript of the proceedings in the other place, particularly the proceedings of Tuesday, November 18 during the presentation on second reading of the Hon. Senator John Connolly, as well as the earlier presentation on second reading by the Hon. Senator Paul Martin in May of this year.

We are dealing with a bill that has application to nine federally incorporated trust companies and ten provincially incorporated companies which are administered by the federal Superintendent of Insurance. Hon. members will note in the bill provisions to enable provincially incorporated companies to apply for incorporation under the new act by letters patent, providing there is satisfactory legislation in existence in the province in which a given trust company was originally incorporated.

As a trust company grows and wants to expand its business beyond the confines of its own province of origin, the tendency is for the company to seek federal incorporation. I think we in this House can be satisfied that the structure, examination and supervision of trust companies and insurance companies is such that the federal government system is much better than that which exists. I will not say in all provinces, but certainly in most provinces. In addition to this, as a result of the passage of the Deposit Insurance Corporation Act, it is now necessary for trust companies, certainly those that are federally incorporated, to possess a certificate of deposit insurance. Any company that would hope to do business on an openly competitive basis must have such certificate.

The minister has indicated there are many amendments to the act for the purpose of bringing trust companies in line with, or in parallel relationship with, the provisions of the Bank Act since trust companies are acting in so many ways as near banks. The other day I had occasion to complain in committee, as well as in the House, about the amendments to the Small Businesses Loans Act and the Canada Student Loans Act, which included under the term "bank" certain caisses populaires, trust companies, and other institutions that were carrying on some functions of banking.

I say we are approaching this question through the back door. We are gathering together a conglomerate of various financial institutions that are all related to banking or to some function of banking. I commend to hon. members the remarks I made before the banking and commerce committee at the time of the revisions to the Bank Act. I feel experience since that time has confirmed my view that we should have a general Bank Act, some of the provisions thereof dealing with the chartered banks, others with trust companies, and still others with caisses populaires. Anyone who wanted to deal with the business of banking would have to conform to the act.

If this were done we would then be able to do away with varying standards of inspection, with turning over to the Superintendent of Insurance, who is not a banker, the examination of institutions that were carrying on the functions of banking. To me, this whole matter should be brought under the one roof. I do not accept for one moment the suggestion that because trust companies and others involved in the business of banking hold a provincial charter, consent of the provinces is necessary; that the provinces have the right to sneak, through a crack in the door, into the business of banking which, under the constitution, is excusively within federal jurisdiction.

In the same way, one could say that because a small company that owned aircraft was incorporated in a province, that province would have the right to set regulations governing the operation of those aircraft. We know, of course, that this sort of thing does not happen, that no provincial government would be silly enough to try such a thing. But for some reason or other, simply because trust companies are incorporated within a province, it has been alleged that even though they are carrying on banking functions they must be supervised by the province. That is utter nonsense. If such companies engage in the business of money and banking, then they must come within federal jurisdiction, which is as it should be.

I repeat that ultimately we must have a general Bank Act, a sort of omnibus act that would embrace all of the matters before us, and so that there would be no restrictions on loans by trust companies. I hope that I have made my point, but I intend to come back to it at every possible occasion. In this regard I

commend the words of the Hon. Senator Jacques Flynn, pronounced on November 18. Speaking of the province of Quebec, he indicated that as trust companies in the province become stronger and wish to operate outside provincial borders, there will be a tendency now to apply for federal registry. Not that there is any reflection on the operations carried on within that particular province; it is merely a case of their having done good business and wanting to expand abroad, as they should. In order to do so, of course, they must come under the federal act.

As the minister has indicated, the amendments to the act fall into four main groups. First of all, there is to be an expansion in the investment powers of trust companies so as to give them more flexibility. The second group of amendments relate to those who wish to move into the banking field but will run afoul of restrictions, as a result of which we had so many non-arm's length transactions. I am sure that the Superintendent of Insurance and the Superintendent of Banking, in their respective capacities within the Deposit Insurance Corporation, have run into interlocking transactions between trust and loan companies where loans are made not necessarily to directors or officers but to major shareholders. There are also the institutions sometimes referred to as "downstream companies". I think that the provisions that will be incorporated in the act will eliminate a great deal of such abuse.

• (12:20 p.m.)

The only thing I am concerned about here is why a substantial interest is determined to be 50 per cent more. It seems to me that in many corporate organizations a shareholding of 50 per cent, less than 50 per cent, say even 35 per cent is a substantial interest. Surely, this would be the dominant interest. Certainly, if the shareholdings are public, an individual holding 35 per cent could have a stranglehold on the company. I hope that the Superintendent of Insurance and others, including the minister, will explain to me the rationale regarding the choice of 50 per cent as the shareholding figure in determining what is a substantial interest. There may be valid reasons, but I require some very serious explanation as to why that figure was picked. I could not agree more with the general principle of restriction but I do not understand the 50 per cent figure.

[Mr. Lambert (Edmonton West).]

The third group of amendments deals with improved supervision. These are for the better. At the moment, quite frankly, you almost have to use a blunderbuss to control a trust company. The regulations are not flexible enough. As a matter of fact, all the damage has been done before the Superintendent of Insurance and the minister to whom he reports can take effective action for the protection of not only those who have deposit certificates but those who may have shareholdings. They, too, must be protected.

I am sure the Superintendent of Insurance, in his capacity as one interested in deposit insurance corporations, can determine whether the operating conditions, the lending portfolio and other things are satisfactory or whether the company has exceeded its borrowing powers or has sufficient assets to cover liabilities in Canada. He is in a position to know whether there has been any transgression or whether the conditions are satisfactory. He can report any unsatisfactory condition immediately to the minister. The minister may then impose a time limit within which a company must remedy the defect. He may impose conditions on the company's licence. What is still better, and this is a real sanction, he can take control of the assets to preserve them.

We have witnessed some rather tragic occurrences. After the individuals concerned became aware that interest was being evinced in the operations, they immediately noted that the assets were being withdrawn and put beyond the reach of creditors. Then, of course, there is a final sanction regarding the windup. While some people may complain about having to report to the Government on a quarterly basis, I think this requirement is good. Banks have to make regular statements at frequent intervals. This regulation just puts trust companies on the same basis as banks. This is another reason for having a general banking statute.

We also notice an improvement in liquid reserve requirements. These companies must have 20 per cent in so-called guaranteed funds. These funds must be guaranteed as to interest. At the present time, there is not guarantee by trust companies in respect of deposit funds. They are only guaranteed as to interest. Unfortunately, the terminology in respect of guaranteed deposits is confusing. All these companies do is guarantee the interest. There is no guarantee in respect of deposits.

I should like to talk to some of the officials of trust companies about their advertisements in this regard. This morning I heard one advertisement which absolutely guaranteed deposits at 8¾ per cent. That is not right. All they do is guarantee ultimately to pay 8¾ per cent on the deposit. In any event, it is an improvement because of the changing nature of the business, and particularly since trust companies are not paying interest rates well in excess of 8 per cent. I think some offer 9 per cent on a one year certificate.

One may say that this is excessively high on a one year deposit, but the Government of Canada is prepared to pay over 8 per cent on instant money in the form of Canada savings bonds. A $100 Canada Savings Bond is the same or equivalent to a $100 bill you might carry in your wallet, yet you have the advantage of getting 8 per cent on the saving bond as long as you hold it. These facts are really beyond reasonable explanation. In any event, if the federal government is prepared to pay that kind of interest on Canada Savings Bonds we cannot expect anything less of trust companies.

Immediately following the last issue of Canada Savings Bonds, some trust companies in Toronto actually offered to pay 9.99 per cent interest on a five year certificate based on a cumulative formula. If they can pay 10 per cent for this money, at what percentage are they lending it? Remember that this is five year, medium term money. These companies certainly must lend it at something like 14 per cent or 15 per cent in order to even pay their expenses and a proper return to the shareholders.

Another good feature is the 30 day notice of transfers of shares equal to 10 per cent of the total or what is effective control of the company. We will require a little more precision as to what the Superintendent of Insurance will consider to be effective control of a company. I certainly hope this will not be equated with substantial interest, in other words, the 50 per cent.

The amendments in the fourth group relate to incorporation. These changes do not eliminate the possibility of trust companies coming to Parliament. They give trust companies the alternative of going through the registrar of companies office under letters patent but only under certain conditions. This is not a carte blanche provision. We all know that federal incorporated trust companies, instead of having capitalization of $250,000 as is now the case, will have to have $1,000,000. While this allows for an inflation factor, it will in effect separate the men from the boys. People who can come up with $1 million are going to be far more serious and much better organized in order to, first of all, acquire the $1 million.

• (12:30 p.m.)

The provision in respect of directors not being eligible beyond age 75 conforms with the Bank Act. Another provision parallel to the Bank Act is that provision requiring that ¾ of the directors shall be Canadian citizens as opposed to a bare majority. This is all to the good. We also have restrictions in respect of non-resident owned shares for an individual being 10 per cent and for a group 25 per cent. This is on the same basis as banks. There is a non-retroactive feature. I do not think you can penalize any person who now holds more than a 10 per cent interest in a trust company. Of course, anything that individual acquires hereafter will be affected by the non-voting rights provision.

The one thing I should like to see is a provision that there shall be no resurrection of dormant charters. We think this has led to a great deal of abuse in some of the provincial jurisdictions where trust companies had been organized literally on two sheets of paper back in the 1910's and 1920's. Some of them had not even operated, but the charters were there. They really should have been stricken off, but they were still there. In some cases they were bought for less than $100. In some cases some firm of solicitors held on to a charter. Then, amendments were made to bring these charters up to date and these companies were in business. It was all very nice, but no longer will this apply.

Mr. Blair: Mr. Speaker, would the hon. member permit a question?

Mr. Lambert (Edmonton West): Yes.

Mr. Blair: I am sure he did not intend it to be inferred that this had happened in respect of any federal company. I assume his reference to dormant charters being resurrected does not apply to companies under federal jurisdiction.

Mr. Lambert (Edmonton West): No; I am not aware of any federal charters being picked up in that way. Certainly, of the nine federal charters now in existence, none were picked up in this way. But these amendments are to apply to the future. Certainly, they will apply to any provincial companies which desire to come under federal jurisdic-

tion. This may be a far-reaching operation. I think perhaps if I found a dormant provincial charter and wanted to resurrect it I could work out something. If there were enabling legislation on a general basis. I would then transfer that charter to the federal field. I think the road would be open. In any event, I hope this amendment will effectively bar that type of operation.

There are other matters which could be mentioned in respect of this bill. As I said earlier, a lot of it is lawyer's law. This is what could be called a committee bill. It may be instructive to note that the representatives of the Trust Companies Association of Canada were present at the committee hearings in the other place and were satisfied with the proposed amendments, many of which incidentally impose considerable restrictions.

Others may talk about the business of allowing an increase from 15 per cent to 20 per cent at times of capitalization. But this is subject to approval by the Governor in Council under certain conditions; it is not just a matter of automatically qualifying for this increase. We will want to know the general nature of the regulations which may be passed by the Governor in Council to cover that precise condition. On the question of owning a subsidiary in or out of Canada, subject to regulation of course, I would think myself that this is quite right. If a Canadian trust company has a subsidiary abroad it must have power to invest abroad because the country of residence of the subsidiary will impose restrictions on investment. It will insist that there be investments within that jurisdiction equal to the liabilities of the trust company subsidiary within that jurisdiction. We in Canada insist upon it and therefore must expect reciprocity. In any event, there is an absolute minimum yardstick that there must be sufficient reserves within Canada, investments in Canada, to cover Canadian liabilities.

As I said, we will want to ask more questions in committee concerning the detail. I am sure we will receive this detail. I have examined the total record in the other place and, with its exceptions of some of the features I have mentioned, I personally am satisfied that the amendments to this act are a step forward. I still maintain the general caveat I entered at the very beginning, that it seems to me we must now be giving thought, when we come to the next revision of the Bank Act some years hence, to finding ways and means to bring all banking and quasi banking institutions under the one umbrella.

[Mr. Lambert (Edmonton West).]

Mr. Max Saltsman (Waterloo): Mr. Speaker, my honourable and learned friend from Edmonton West has indicated he is satisfied with the amendments to this bill. I am far from satisfied. I think there is a great deal wrong with this bill. It will have to be examined very carefully in committee. The financial institutions of this country have an overwhelmingly important role to play in the economic life of this country. The complexity of the law regulating them, as well as their awesome economic power, ought to inspire urgent and critical attention. We intend to give this attention. We do not intend to be panicked by the type of statement made by the minister earlier in the debate which was a reflection of the statement made by the House leader, affectionately known as "Mac the Knife". The contempt for Parliament indicated in the statement the House leader made the other day was matched only by his economic ignorance and his heavy-handed blackmailing tactics. He is much too transparent. We cannot understand the urgency in rushing these measures through. We do not believe the reasons given form an adequate background.

In looking at this legislation we find, first of all, that there is absolutely no control over which area of the economy will get the money as a result of enlarging the lending power of the trust companies. There is absolutely no control. We do not believe, as has been stated by the minister and by the House leader before him, that this will add one single cent of mortgage money for the people who need housing in this country. I hope at some time the minister will demonstrate how he intends to do this. All we are being asked to do is transfer funds from the one institution to another. The pool of savings that exists in this country, whatever it may be at any given time, will not be increased one iota by changing these regulations and increasing the authority and lending power of the trust companies. Quite the contrary. The effect of the legislation may be to dry up mortgage money. I think this should be pointed out, because in this legislation we are giving more freedom to the trust companies to make investments, including commercial loans. Trust companies have not made such loans before.

What assurance exists within this legislation that these companies will not switch to commercial loans in order to make more profit than they would from mortgages. There is no guarantee in this legislation to that

effect. The making of commercial loans would be contrary to the present practices of the trust companies, and would be a completely new and lucrative field for them. The other point is that trust companies could now have subsidiaries and this would enable them to have a substantial equity in properties for which they were providing mortgage money. Apartment buildings, commercial properties and shopping centres would be involved, but not housing. Such a provision would allow trust companies to say they want a piece of the action and that if they do not get it they will not invest. This is what this legislation provides. Yet, we are told it will provide more mortgage money and therefore we, the terrible people in the opposition, must not hold up his legislation. What kind of nonsense is propagated in that statement!

Let us look at some of the other powers that would be given to the trust companies. This bill would enable them to become involved in the real estate development business in partnership with other companies. They could own real estate, thus becoming investors in their own right. They would no longer have to lend money on mortgages but the return they would get from their mortgage operations would permit them to become investors. They could even have a subsidiary to operate mutual funds. Does the minister really mean that these altruistic financial institutions, when faced with the opportunity of making more money in commercial loans and other investments, will make more money available for housing, particularly when there is no clause in this legislation which says they must do that.

• (12:40 p.m.)

They are being given complete freedom to operate as they wish. As if that were not enough, they can now go into foreign operations and invest outside the country, which they have not been able to do freely up to now. It does not seem possible that this legislation will result in the provision of more mortgage money in Canada when trust companies will be able to make more lucrative investments in other countries. They will then say "we can make a higher rate of return in another country, so let us raise the interest rates here". It does not make any difference how useful that investment in a foreign country may be or what the priorities of the Canadian economy may be. There are profitable opportunities outside this country and that is where investments will be made and the money will go. This is what this legislation is designed to encourage. So, let us be fair about this. Let us not say that the opposition, by holding up this legislation—if they intend to hold it up, which we do not intend to do—is going to hurt the people who need money for mortgages.

The other issue is that if money for mortgages were made available, what assurances exist within this legislation that that money will go to the people of this country who need housing in the worst possible way? There has been no assurance in the past and there is no assurance in this legislation. If anything, this legislation almost guarantees that the situation will be worse rather than better for those in the lower income categories who need housing. There is no shortage of mortgage money for people who can afford to pay the present interest rates or who have the necessary collateral. The problem in housing in this country is that those who need it desperately are the ones who are least able to get it, and this legislation will not change this shameful situation.

We have heard these arguments before when listening to statements from the government. They are repeated over and over again like an old record that has been brought out. The government has just scratched out a few dates and perhaps changed the title, but we heard it all before when the Bank Act was being debated. They said to us, "take off the ceiling and remove the restrictions on the banks. We need competition in this country, and competition will act to further the interests of the average Canadian". Has it done so? It certainly has not. We now have the highest interest rate in Canadian history. Surely, the Bank Act changes enabled the banks to become more competitive with the trust companies and other financial institutions. Now, the trust companies say to us "take all the restrictions off us, too, so we can compete with the banks and so we can go after the same business". So, you have them competing with each other in this particular area, but that is senseless and does not help the people of this country.

The same arguments that we heard about giving the banks freedom we are now hearing about giving trust companies freedom. But whom will it help? I submit that it will not help the people of Canada but only a small group of people who seek an opportunity to make higher profits for their institutions. It will help the trust companies, of course, but is this why we are here? Are we here to help

trust companies, banks and financial institutions, or are we here to concern ourselves with what happens to the people in this country? I suspect that the people who are not in trust companies, insurance companies or mortgage companies are in the majority, and it strikes me that in a democracy the majority has some rights. We are not here to provide special advantages to financial institutions, but essentially that is what this legislation does. We are being asked to participate in a senseless game, played by strong men in an arena called the market place, which has no more effect on the future prosperity of this country than did the struggle between gladiators in the Roman Colosseum. It is a little game, and when we are restricting it we are told that we are restricting freedom.

We must not prevent the strong men from playing this game, regardless of the consequences to the country. It is their right to play this game, regardless of what it does to the ordinary people who are not the slightest bit interested in this nonsense. If they want to play games let them do it at their own expense, not at the expense of the people of this country. In another age these gentlemen might have been called adventurers, freebooters or buccaneers. They would have sailed with Drake on the Spanish Main to rob Spanish galleons. I suggest that the conflict between the banks, the trust companies and the finance companies does not contribute to the wealth of this nation any more than the conflict between Drake and the Spaniards. It did not matter whether Drake took from the Spanish galleons or the Spaniards took from Drake. This did not contribute to increasing productivity and the goods and services needed by the people. It is merely a transfer of resources from one private pocket to another, and we are being asked to be a party to this.

This debate is very important because we are being asked to take a decisive step. We are asked to give the government the power to incorporate trust companies by letters patent, so then, these matters would no longer be debated during private members' hour. I know there are many who will say that the private members' hour was a farce; that we held up these great captains of industry and we questioned them. What right had a few members to hold up these giants of our society, these people with millions of dollars of assets? But at least we had a look at their proposals, whatever the faults may have been with the private members' hour. I am not suggesting that we go back to that method, but at least there should be someone in this Parliament who will examine what is happening to the financial institutions of the nation. Often we were effective in bringing about some necessary and useful changes, and in focussing public attention and changing public opinion regarding the conduct of many of these institutions. This will no longer be the prerogative of parliament. It is left to the discretion of the minister to authorize the formation of these companies. The minister will determine their lending powers and at one fell swoop, at the minister's discretion, they will increase by 33 per cent their ability to make loans or take in assets. The minister has a great power, and there is nothing in the previous behaviour of this government to indicate that this power will be exercised wisely or in the public interest. We need something better than that.

• (12:50 p.m.)

We are not prepared to see this legislation pass through the House without obtaining some assurances that the people of Canada will have some say in how these financial institutions are handled. There is a critical question here as to whether the future of our society is to be decided by the scramble for booty in the vain hope that while these strong men are scrambling for profits, playing a game, flying back and forth in their aeroplanes, wining and dining each other, making deals and deciding they are going to amalgamate here, close down there and turn around elsewhere, somehow or other the public is going to benefit. It is just not true. It is part of the mythology that a small percentage of our population has been able to spread in our society through its use of organizations in which it has power, the newspapers, and through the governments in which it traditionally has had friends. But the people have not benefited from these activities. Therefore we are going to propose that certain changes be made in this legislation.

The first change we propose is that Trust Companies be brought under the Bank Act. In this regard, I agree with the hon. member for Edmonton West (Mr. Lambert), but perhaps for other reasons. It is unthinkable that they should not be under the Bank Act, as recommended by the Porter Commission. What is strange is that, while the government has accepted those recommendations of the Porter Commission which provide advantages and

benefits to the trust companies, it has not accepted the recommendations which ensure the responsiveness of these institutions to public policy and control. Mr. Speaker, you cannot take just one part of an equation. Both parts are involved.

Our other concern is to see that the Bank of Canada, on the advice of the government, will have some say in how the money collected by these institutions will be used. As inadequate as our banks are in our present society in terms of their responsiveness to public policy, at least they are far more responsive than are the other financial institutions. At present the banks have some 15 per cent of their deposit creating facilities directed by the government of Canada. This means that through public policy we are able to see that there are some funds for student loans, that there are funds for farmers and funds for businessmen. At least something is being done.

There is absolutely nothing in this proposed legislation which would indicate that the trust companies have to respond in some way. It is absolutely imperative that before this legislation is passed an amendment be made indicating quite clearly that a percentage of the funds collected by trust companies shall be allocated according to public priorities. It is intolerable that it should be otherwise.

It is particularly galling when one listens to these giants of the financial institutions coming before House of Commons committees decrying public expenditures and calling for belt tightening. The governments always have to tighten their belts. But even using their own figures, that governments at all levels account for only one-third of the gross national product, what about the other two-thirds? What about the private sector? What about priorities out there? After all, the government has established some kind of priorities.

The public does have a say in government policy to some extent. We have an opportunity of saying in this House that the money should be spent here or there. This is what debate is all about. This is why we have parties. This why we meet and talk to each other. But what happens out in the private sector? Where is the belt tightening out there? Where are the restrictions out there? Where is the sense of obligation to the nation out there? There is none, and there cannot be any unless we insist upon it. An absolute minimum condition in any legislation is that these institutions be responsive to national interests and national purposes, and therefore a percentage of the loans they make should be subject to public direction.

We have to go beyond that, Mr. Speaker, and make sure that the spread between what financial institutions pay for money and what they charge for money is subject to some kind of regulation. We know that imposing a ceiling does not work. It could work if the government insisted on it, but it has never insisted on it. There is difficulty imposing a ceiling on what banks can pay to depositors, but we do know we can regulate, if we will, the profit margin between what they pay to depositors and what they charge borrowers.

If we did that, the depositor would benefit enormously. There is no reason why he should not be receiving as much as he is receiving now, and those who lend money may also benefit because they may be able to get their money for something less than they are obtaining it now.

We know we have to go into some kind of incomes policy. We know that the government's programs and attempts to control inflation have proven worthless, and that we will have to move in new direc ions. This is one of the significant areas into which we must move. Let us be very, very clear about this. No section of the economy, whether it is industry with its prices or labour with its wages, will accept restraint when the financial institutions are free to do exactly as they please, free to make as much money as they please, free to charge whatever the traffic will bear.

If we are to talk about an incomes policy and be honest about it, instead of blaming labour because it refuses to go along with phoney suggestions, we should start right here with this legislation. No part of our economy contributes more to rising costs and inflationary psychology than do the financial institutions of Canada. An incomes policy has to start at the beginning, and this is the beginning. Therefore, Mr. Speaker, we see this as important legislation.

We can understand that some of the proposed minor changes, bookkeeping changes, are necessary. But we do not see this just as lawyers' law. It is far more than lawyers' law; it should be people's law. It is not just the investors or the people who borrow from trust companies, or the people who lend money to trust companies who are concerned. There is a thing called the public interest and it is that which has to be guaranteed in the legislation before us. At the

moment there is very little in this legislation to indicate the public interest has really been considered. Sure, it can be called lawyers' law, but we are not satisfied with that. We are all involved. Mr. Speaker, may I call it one o'clock.

Mr. Deputy Speaker: It being one o'clock I do now leave the Chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Saltsman: Mr. Speaker, I should like to sum up the main points of our criticism. First of all, contrary to what the House Leader said, there is no panic for this legislation. The passage of this legislation will not increase the total amount of mortgage funds available for housing and, to the extent that the trust companies increase their mortgage lending, it means a decrease in some other sector of the economy. With the enlarged powers of investment being given to the trust companies, the only possible method of increasing mortgage funds would be to charge higher interest rates than now prevail. Although mortgage funds are available now, they will have to compete with investments giving higher returns, such as consumer loans, foreign investments, equity and property in industry.

The passage of the legislation as it stands now would make it even more difficult for public bodies, municipal, federal or provincial, to attract funds because they will have to compete with the enlarged investment opportunities being given to the loan companies. All public attempts will be frustrated or, if not, we will have to pay higher rates of interest to attract funds for public purposes.

There is no indication from the government, and there certainly is nothing in this legislation, to indicate that it will meet the urgent problems of our society. The public needs, as I pointed out earlier, would be frustrated rather than enhanced, as would the need for housing for low income families. This bill will not help attain these goals.

As the legislation now stands, Mr. Speaker, it is unacceptable to this party. It will be our endeavour to see that it is corrected to benefit the people of this country rather than a small group of stockholders who stand to gain enormously from its passage.

[Mr. Saltsman.]

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to say a few words on Bill S-8 under consideration.

This bill is like any other one vesting in financial institutions undue powers which are not likely to help us solve our problem since it is of an economic nature. The economy does not operate properly because it cannot finance itself.

Our economic problems are not tied in with loans, since, from the beginning of Confederation, Canadians have borrowed money to such an extent that they cannot pay the interest any longer and these new institutions will lend money to other institutions to enable them to pay the interest on their indebtedness. That will not solve the problem of interest rates which not only are too high but are a bare-faced exploitation of the population. Moreover, as mentioned by the hon. member from the New Democratic party, it will not add a penny to money in circulation. If there is not enough money in circulation and if reimbursements exceed credit, there can never be any money in circulation.

What we do have now is a high cost of living and tight money problem. The new institutions being established are to lend funds collected through new bond issues since even if they do not issue money as credit banks do, they will be empowered to issue bonds, which is even worse than bank issues of money. For each dollar deposit, the banks grant $96 in credit, whereas the bonds issued by the trust companies have no more value than the credit extended by the banks.

When bonds are floated, they are guaranteed by the stocks or the assets of the borrowers.

Bonds have been and are still being issued. In this connection, I will quote from an article in last December 12 issue of *La Presse*. In fact, here is how the article reads:

> In these days of high living costs and, we might add, exorbitant spending (in spite of requests for restraint), individuals—and perhaps even more so—municipalities are liable to run excessively into debt. They have not failed to do so, particularly during the last decade or so, to wit the unhappy results published in this paper yesterday under the heading "towns of Quebec collectively on the verge of a financial dead-lock".
>
> In order to pin down the subject without changing the author's concept, we quote the first few lines of Florian Bernard's article: "The municipalities of Quebec are going into debt at an alarming rate. Only the very wise could say whether this is a sign of progress or recession. One thing is certain: Quebecers are now virtually up to their necks in debt."

Here is a sample of eloquent statistics: "The net funded debt of Quebec's 1,652 municipalities has just reached $2,083 million at the end of this fiscal year. Since it stood at $1,886 million last year, it shot up by $102 million in only twelve months. This rate of increase in municipal indebtedness has been constant in the last ten years or so, and if the present trend continues our indebtedness will (unfortunately) top the $3 billion mark within two or three years. In only ten years, from 1957 to 1967, the total debt of the 1,652 municipalities in Quebec increased from $625 million to $2,083 million..." It has therefore tripled. Obviously the same applies to the per capita debt of the Quebecer which has climbed to $355 from $113 in eight years.

That is the debt of the Quebec municipalities alone. The debt of the school boards is three times greater. Now to settle the problem, we will allow various financial institutions to lend money at any rate they wish. They will demand interest rates of 15, 20 per cent, but it does not matter. It is alleged that this will solve the problem, but there does not seem to be any solution.

I do not object to many institutions lending money, provided there is control, however, and the interest rate does not remain unchecked.

I have here another newspaper article entitled: "More than $318 million in bonds in November". It reads as follows:

The bond issues to finance the various levels of government and the companies in Canada have reached a total of $318,390,043 last month.

Excluding the Canada savings bonds, the amount of which is not yet available for 1969, this figure compares with $131,249,864 in November 1968. The Canada savings bond sold in November 1968 amounted to $3,125,000,000.

For the first eleven months of this year, the bond issues totalled $4,399,479,079, compared to $7,898,272,174 for the same period in 1968.

• (2:10 p.m.)

The government of Canada has not issued any bonds maturing in three years or more, in the last month. However, for the first eleven months of the year, this amounted to $1,115 million, as compared with $5,162,500 for the same period last year.

With regard to provincial governments, their direct and guaranteed financing by way of bonds has reached $188,750,000 last month, as compared with $85 million in November 1968.

The most important provincial issues have been for $50 million by the Ontario Hydro and the Quebec government; $50 million (American) by Manitoba and $35 million by Nova Scotia. Provincial loans on that market, since the beginning of the year, amount to $1,460,577,200 as compared to $1,375,700,000 from January to November 1968.

On the other hand, municipalities have borrowed in the same way $73,690,043 last month as compared with $40,149,824 in November 1968.

Bonds have therefore been issued at prohibitive rates of interest. When they are bought back by banks all at the same time, new deposits are created thus. Indeed, to make use of the power they have to create new credit, banks need only pen and ink. It is all it costs them.

On the other hand, people are more and more concerned. They are no longer able to get out of this stagnation. The depth of the precipice is such that there is, indeed, no hope of getting out. We cannot break surface and get over the precipice.

If we carry on in this way, what solution shall we find? How will people be able to keep paying taxes? Everything they have built is already taken away from them!

As we produce goods, we get into greater debt. There is no reason for that. All trust companies, insurance companies and exploiters of the people should be brought around. We do not advocate the socialization of institutions but we want them to be reasonable with regard to their loans. Exploiters must cease to skin the population the way they do. The responsibility does not lie in the hands of the institutions but in those of members of parliament and of the government administration. They have the power to create and increase credit. It is a sovereign right that belongs to the state. Therefore, Canada must avail itself of its sovereignty concerning the creation and issue of new credit. It should finance public funds without charging interests.

Is it still possible to continue to finance municipalities and school boards on the verge of bankruptcy which must borrow at the new excessive interest rates to pay another loan raised five or ten years ago?

If a municipality or a school board is compelled to repay bonds issued ten years ago at 5 per cent and now due, even if the collection of taxes has not been sufficient to make the repayment, it now has to raise some new loans to repay those bonds.

If those bonds were issued at 5 per cent, the interest would amount to $50,000 per million dollars. With the new rate of 8 per cent, the interest would amount to $80,000 per million dollars. If municipalities and school boards are unable to pay a 5 per cent interest, how will they manage to pay 10 or 15 per cent to the same person?

We should be striving to solve the problems instead of making them worse. What we are doing is applying a poultice to a wooden leg, and this will merely allow institutions to get rich at the expense of the taxpayers, to sink them deeper, to deprive them of their money

and to drive them more quickly to bankruptcy. That is what is in store for us and for municipalities, school boards and private enterprises.

We would be surprised at the amount of indebtedness of private institutions. It is impossible to tolerate any longer such a system. We must say it again and again, because we are here to try to solve problems, to protect the people, to set up a sound system in order to finance our production and to prevent exploitation of the people.

The proposed improvements will only create difficulties, deprive the taxpayers even more and discourage the people who are already disheartened enough.

In fact, people do not even want to work any longer, or have to work for the government.

When plant workers are asked to work overtime, they refuse, because the additional income they thus make is whittled away by income tax. The result is that production dwindles instead of rising.

Hon. members should consider more carefully these corporate structures with a view to making them institutions that will serve the government, of which we all are shareholders. The government makes profits, which are distributed among a few individuals, while others are overtaxed, and as production increases, the holdings of Canada, of financial ins itutions and of individuals also increase.

Those holdings are transferred to the assets of financial institutions and all the bodies who built the country are entered as liabilities, and they are hopelessly sunk.

In conclusion, I should like to point out that the hon. member of the New Democratic party is right but only in a proportion of 60 per cent, because we do not want to socialize everything as he does. We, of the Ralliement créditiste, wish to keep private enterprises as healthy as possible. However, we do not want those institutions to exploit but rather to serve people.

Credit should be a state-controlled affair. Instead of having different institutions issuing bonds to municipalities, the government, through its own bank, should issue such credit, at a depreciation rate of 5 per cent and perhaps 1 per cent for administration costs, which would bring the interest rate to 6 per cent instead of 10, 15 or 20 per cent, and would allow municipalities, school boards, private institutions, manufacturers and all those in need of capital to get themselves out of a hole.

[Mr. Latulippe.]

Private institutions, as well as banks, trust companies and insurance companies, should manage to lend only the capital in circulation. They would not be allowed to isssue bonds, to grant credits or make capital available.

All we want is to socialize the creation of credit, but the allocation of credit by financial institutions could be carried out in the manner used by credit unions.

To play with credit, to make loans at one's own discretion to both private and public institu ions would come under the state's responsibility, for it alone is in a position to finance our public institutions. Thus we would ensure a greater purchasing power for the taxpayers, since public institutions would stop depriving private institutions of their assets. In fact, they are robbed of their right to live, to act, to produce and to expand.

• (2:20 p.m.)

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, most of the amendments suggested to the Trust Companies Act appear to be designed to strengthen those corporations and provide additional protection to investors and the public. I can see little to criticize in their intent, except perhaps that they do not go far enough.

My chief concern is with clauses which it is claimed will set more funds flowing into the mortgage market and thus stimulate home building. Again, this is a worthy objective, but the proposal may well be only an empty gesture. Similar amendments proposed to the Trust Companies Act and the Loan Companies Act fall in the same category. It is obvious that the reason the government is rushing in now with these amendments is that it has given up any hope of controlling run-away interest rates and is unable to fulfil its bold promise of dramatic advances in home building.

These amendments to the various insurance, trust and loan company acts are an inadequate answer to the Canadian housing crisis. They constitute a confession of failure on the part of the government to fulfil its promises and to find a sound, long-range policy for providing the number of housing units needed annually by our expanding society.

I believe the government has acted in panic and has been stampeded into grasping at the first straw in sight. A little forethought, a little foresight, would surely have shown that just because legislation is brought in permitting the various types of loan companies to expand their investments in mortgages, these

companies will not necessarily leap into the mortgage market with vast sums in new investment dollars. It is a case of leading a horse to water and finding oneself unable to make it drink. If insurance companies can make better, more lucrative and shorter term investments than mortgages from their small pool of investment money, they will make them where it is most profitable, government permission or not.

The fact that an act of Parliament permits trust companies to invest in mortgages on an extended basis is no guarantee that they will do so. Apparently the government hopes that these amendments will increase the funds available to the residential building field. I believe it is quite likely that what extra mortgage investment is permitted by the amended Act will go into commercial and industrial building.

It is interesting to look back at the record of the insurance companies in the mortgage investment field. According to Central Mortgage and Housing Corporation figures for the month of July last, a total of $110 million was advanced in mortgages under the National Housing Act. Of this, CMHC itself provided $36 million, trust and loan companies $32 million, chartered banks $25 million and insurance companies $17 million. The figures indicate that this is the proportion which has prevailed over the past five years at least.

It appears clear that while the government continues to pursue restrictive and unselective monetary policies, the necessary flow of mortgage money to feed our starving home building program will not be forthcoming. The mere provision of permission to invest more widely will not guarantee that investment will take place.

• (2:30 p.m.)

Most insurance, trust and loan companies are in a real bind with regard to liquidity today. Funds are scarce, and they are not likely to be placed in a market where they will earn less and be tied up longer than in many other available investment areas.

I think the minister has done a grave injustice to this question of providing housing by producing this meagre answer to a problem that goes far beyond the social implications of providing housing. It is inextricably bound up with the whole socio-economic problem of urban living, a problem which this government has so far successfully kept at arm's length.

As reported in the *Globe and Mail* for December 4, Herbert Hignett, president of CMHC, said:

> More money has been spent on housing per capita in metropolitan Toronto in recent years than anywhere in North America but the public has received less for its money in terms of housing for all citizens.

Mr. Hignett attacked the philosophy of some builders that homes for people of modest incomes cannot be produced. He said that the number of housing units built meant very little indeed if only one person in six could afford the houses, and one in three the apartments. Mr. Hignett's remarks indicate to me something of the great complexity and menacing social overtones of Canada's particular housing problem. We must not only find mortgage funds in times of oppressively heavy interest rates and extreme investment competition, but must make those funds produce houses where, when and of a type that is needed.

We must look at housing as a problem with dimensions other than simply financial. The Winnipeg *Free Press* of November 27, at the conclusion of an editorial commenting on the recent presidential commission report in the United States on crime and violence, had this to say:

> There was a moment in our experience when Paul Hellyer seemed to be saying things about housing and smaller towns that had meaning in terms of social health.
>
> Is there now anybody in government who thinks of housing as anything but more impersonal sardine cans where more people can feel unrelated to more people?

If, as I and many other Canadians believe, housing is indeed a problem of national social health, then such feeble pinprick attempts to tackle the question as are represented by these amendments are totally inadequate. I wonder if the government has given any consideration to the methods employed by several advanced European countries to meet a similar housing problem. I believe it would be beneficial if the government were to look at the way building societies operate in Great Britain, where the principle of thrift, pooled resources and co-operative effort are employed so satisfactorily.

On November 6 the House committee on finance, trade and economic affairs heard an expert in the field from Germany, Dr. Horst Seidler, director of the Berlin Institute of Economic Research. He explained the German system whereby housing funds were provided by savings in special building banks.

Interest on the funds was fixed and divorced during the period of saving from the actual conditions of the capital market outside. He explained it as a method free from the need for subsidization because "it is a simultaneous process of saving by one part of the population and the giving of credit to another part of the population".

As an example, a German worker would save from 10,000 to 15,000 marks. When he wished to acquire his own home, he would borrow from the building savings bank an additional 50,000 marks at 5½ per cent interest on a first mortgage. With the country's prime rate at about 7½ per cent, 5½ per cent appears ludicrous on the surface. The fact is that the bank can lend him the money at 5½ per cent regardless of the outside rate, because it is money being saved for building purposes in a special fund and earning interest at below 5½ per cent. In other words, it is a separate little financial world designed only for the provision of one special service—adequate funds at reasonable rates for home building.

These are the types of methods that I believe we should at least explore for possible adaptation to Canadian conditions. We must, I believe, make a special attack on a very special problem if we are to get anywhere. Such pitiful expedients as giving loan companies permission to invest more money in housing will never meet the need.

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, I do not think I will be the only member who has noted the fact that a great coincidence occurred with the introduction today of this legislation. Yesterday there was published the report of a special royal commission on the affairs of Atlantic Acceptance Corporation. Among other things, the report of that commission, which dealt with corporations under the jurisdiction of the province of Ontario, indicated that part of the source of the problem was failure on the part of the supervisory authorities to exercise control over that particular financial institution.

One thing that we in Ottawa, and in the federal government, can be proud of is the undoubted excellence of the control over financial institutions that is exercised by the Superintendent of Insurance. This control is such that it is not only a matter of particular knowledge to the members of this House, but is regarded by the financial community of Canada as being almost without peer. The office of the Superintendent of Insurance is carried on by a very small staff. The integrity

of the officials is something of which we may all be proud. The excellence of the job they have done is illustrated by the fact that none of the federal institutions under their control have ever defaulted or caused any kind of concern to the public with whom they deal.

One of the most important provisions in this legislation extends to some extent the already great powers of the Superintendent of Insurance in controlling, supervising and regulating trust companies and other companies that are being dealt with in parallel legislation. In confiding these powers to this excellent office we in this House can have confidence that they will be well used and that the public interest will be protected.

I think there is general agreement that it is very much in the public interest to make the amendments that are suggested, which have the effect of loosening and broadening the powers of trust companies. They will be able to borrow more money from the public, and fewer restrictions of a formal kind will be placed upon them in the matter of making loans to mortgagors and others.

This is not, as my hon. friend from Edmonton West suggested, merely a lawyer's bill. This is a bill of great significance to the people of Canada in that it deals with all types of corporations that touch the lives of people at many points. Trust companies deal with estate matters, with savings, with their own investments and with prospective homeowners who come to them for mortgage money. Any legislation dealing with trust companies and similar corporations is of great significance and should be carefully scrutinized.

• (2:40 p.m.)

I hope that when this legislation is considered by the finance committee, it will be given rather more scholarly treatment than was the case in the speech of the hon. member for Waterloo (Mr. Saltsman), who we are told is the financial critic of his party. I think when the proposals are made, as he suggests they might be made, for amendments to the legislation it would be helpful if they were based upon an accurate assessment of what the legislation contains.

An hon. Member: You are asking too much.

Mr. Blair: One of my friends suggests I am asking too much. I hope that I am not asking for too much. It was said by the hon. member for Waterloo that certain of the new powers given to trust companies are powers given to them without restriction. For example, he

said that trust companies could now make personal loans without restriction; that trust companies could invest in income earning real estate without restriction, and that they could invest in subsidiaries created for the purpose of owning and operating real estate without restriction. I find it hard to believe that statements like these were made. Perhaps I may find when I read *Hansard* that I did not properly hear the hon. member for Waterloo. I hope that will be the case.

For those hon. members who have not yet had time to read this bill in its full text, I suggest they will find that personal loans are limited and that investment in real estate for the purpose of earning direct income is limited. Other suggestions have been made by the hon. member for Waterloo as to the purpose of this bill and we have heard his views on it. I think they suffer from the same defect in scholarship as the ones to which I have referred.

One question which clearly arose, and I would be very happy to hear the hon. Leader of the Opposition (Mr. Stanfield) speak about it, is contained in the statement of the hon. member for Dauphin (Mr. Ritchie) that it is the function of this Parliament or this government to confiscate the savings of the people. We are dealing here with only one type of institution which performs the very valuable function of mobilizing savings and providing for the lending of those savings to other people for the building of houses and for other purposes. After hearing some of the statements we have listened to today, one might gather that this is an illegitimate purpose; that there is something wrong with the people of the country saving money and earning a return on it by making it available through this very convenient type of corporation for productive and social uses. I hope I misunderstood what was said by the hon. member for Dauphin.

I hope this bill can be referred quickly to the committee so that all these implications can be explored. There is undoubtedly a need for the channelling of more money into the housing industry in this country. The available statistics show that no group of companies has made anything like the same contribution to the housing industry as have the trust companies and loan companies. Therefore, I suggest to hon. members that one very positive contribution we can make toward the alleviation of some of our housing problems in this country is to make the methods and operations of trust companies easier, giving them greater access to funds, and enabling them to enter even more vigorously than they have to date into the mortgage business.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I am very pleased to have the opportunity of taking part in this debate today. I believe it is necessary that I show an interest in housing in view of the fact my leader has recently appointed me as the housing critic of this party. I must say I have a lot to learn and I think the government is in the same boat. Let me tell the hon. member for Grenville-Carleton (Mr. Blair), who is now looking through the curtains on the other side of the Chamber, that I appreciate the fact all Parliamentarians should be concerned in controlling these huge corporate structures. We all read recently about the fiasco of the Atlantic Acceptance Corporation.

My complaint relates to the fact that when the government House leader was speaking about a week ago, and correct me if I am wrong, he did not indicate he was bringing Bills S-8 and S-9 before the House in order to protect the public. He indicated rather that he was in a hurry to see these bills considered by the House and referred to a committee in order to assure greater funds in the mortgage field. Members of this party are concerned because of what he said, as illustrated by the remarks of the hon. member for Dauphin (Mr. Ritchie).

At this time we should question whether in fact this bill will have the results indicated by the government House leader. We must question that because there is no guarantee of this result in the bill and the government House leader had no right to make that statement. He can express his hopes and his belief that these corporate structures are responsible and therefore will continue to be in a position to help the mortgage market. In this way, the vast majority of Canadians might see some ray of hope in terms of housing.

I am also concerned because this bill will mean that these companies will have an opportunity to look to foreign fields. I should like to know the reason for this sudden interest in foreign fields. Is the market in Canada not worthwhile? Am I to understand that in order for these companies to be structured in a way that is conducive to the ultimate outcome of profits and benefits for Canadian people they have to look outside the Canadian market? This is what concerns me and what concerns other members of this party.

The Economic Council of Canada has indicated that we must continue to increase

our stock of housing in order to reach our 1975 goal, which I understand is one million units. We cannot have a recurrence of what took place in 1966 when the number of housing units available was low. The greatest impediment toward the development of sufficient housing is the lack of mortgage money. The government should be concentrating its efforts in order to see that we do have more mortgage money rather than on this band-aid type of philosophy it has brought before us this afternoon.

We all know that lending institutions, banks, insurance companies and trust companies account for the great bulk of mortgage money. There is, of course, the residual lenders and the Government. What seems to bother Canadians throughout this land is that the volume of available mortgage money has been spotty and inadequate. The Government, in its wisdom, has seen fit to believe that CMHC is the organization which can either relieve unemployment or control the economy by placing money into the housing market at will. This is not what the Canadian people want. This has led us to believe that there is no adequate base of funds, and because there has been no adequate base there has been discouragement in terms of employment. Of course we are very concerned about this and the fact that the Government has not realized it should adopt a policy to guarantee a continual flow of funds from CMHC in order to assist the housing market.

• (2:50 p.m.)

Because of this uncertainty in respect of mortgage moneys it has been said that housing production is only 75 per cent of what it should be. In other words, we are not putting forth our best effort. The other day I was fortunate to receive a document from Mr. William M. McCance, Director of Research, National House Builders Association. I should like to quote some of his statements which I think are important and really to the point. He says:

> There is a definite need to make increased amounts of money available on a continuing basis for all forms of shelter, as well as all income classes, to meet the estimated needs, which lie ahead. This can only be accomplished by broadening the supply of mortgage financing and in examining entirely new concepts in the method of raising housing money.
>
> Private enterprise, for instance, is prepared and anxious to produce housing under the limited dividend provisions of the National Housing Act but Federal funds are presently unavailable for this type of financing. This is unfortunate since it would be possible to produce a large volume of units for the lower to middle income group under these provisions.
>
> Several provinces have enacted condominium legislation which permits the sale of individual units in a multiple housing building. Builders, however, have found it virtually impossible to interest the lending institutions in this form of investment. The condominium concept could result in individual home ownership at prices substantially below the present cost of single family houses.
>
> Many lenders, likewise have begun to show a decided preference for large single loans on multi-family developments since there is less administration involved and they are often able to participate in part of the equity as well. These large loans have deprived the single family house builder of mortgage funds, which he formerly found available to him.

This is what we must be concerned about. Will these trust companies just become involved in putting out large sums of money or will they really become concerned about the average person who still has the old dream of owning his home? My friend from Waterloo indicated he has a fear that mortgage funds may dry up as a result of this legislation. I do not know whether they will dry up. I have some concern about whether these companies will concentrate on overseas investment. I think, however, their record is not bad. If I may refer to the appendix to the sixty-fifth report of the committee on Finance, Trade and Economic Affairs, we find that in 1964 the trust companies, in the first six months, invested $399 million in new residential, $190 million in existing residential and $94 million in other. We see that in 1968, the trust companies invested in new residential $528 million, in existing residential $257 million and in other $114 million. So, we have statistics which indicate that the trust companies are involved in mortgages. There can be no doubt about this.

What we are concerned about today is whether the trust companies will put more money into mortgages rather than move into the foreign investment field. We must be concerned about what they do in terms of the inequitable geographical distribution of mortgage money in our nation. We must be concerned about whether they place their moneys in the city of Toronto or the city of Montreal and forget about the areas on the east coast which are faced with regional disparity or the areas on the west coast. I do not see anything in this bill to give us any hope in this regard.

There is another area with which I believe this government must be concerned in respect of housing. I refer to the high interest rates.

High interest rates are killing the old Canadian dream of home ownership and are slowly turning this country into a country of landlords and tenants. I think we must be concerned about this. It is difficult to understand how anyone in this country can own a home until this government realizes that, even though the people desire to own homes, they simply cannot do so with these rates of interest.

The interest rate in respect of approved lenders in 1968 was 8¾ per cent and now it is up to 10 per cent. The rate for apartments and townhouses in 1968 was 8¾ per cent, and now is up to 9¾ per cent and 10¼ per cent. In respect of conventional presold and resale housing, in 1968 the interest rate was 9 per cent and 9¼ per cent. Now, it is up to 10 per cent and 10½ per cent. This government must be concerned because it said we will reach our objective of one million units. I say the figure of one million units cannot be reached until sufficient money is available at rates of interest which are attractive to those who wish to become involved in owning their own home.

The other day I believe all of us received a letter from the Mortgage Insurance Company of Canada under date of December 5, 1969, in which we find the following:

> November brought no brightening of the mortgage picture across Canada. Mortgage funds continued in extremely short supply, and interest rates increased slightly in some areas.

Then, we see the following:

> Several reporters mention "buyer resistance to high prices and high interest rates". Another observation made in the same vein was that the desire for home ownership is as strong as ever, but that would-be purchasers simply cannot afford the high prices and the high cost of financing.

That certainly must speak for itself.

Why can we not approach the mortgage problem by way of pension funds? I understand that these funds represent a great source of untapped money, some $8 billion. At the present time I believe something in the order of 11 per cent of this money is involved in housing. I think perhaps we should convince the trustees and administrators of this vast fund of money that housing is an area in which there is continual appreciation because of inflation and what not, whereas in everything else there is depreciation. I think we should pursue that area in order to be in a position to say we are attacking this problem with some gusto.

I should like to mention another area which I think is of some significance. I have asked questions about this. Rather than bring in this bill—I do not know what to call it; it is not what one could term legislation of great impact in respect of housing, but maybe it is control—why could we not become involved with building societies. Is this an evil phrase? I have read that in England and in other European countries, these building societies are considered to be an ideal means of putting money into a position where it can come in and go out for the benefit of housing. Is there anything wrong with this? I think this is one way in which we could get money out of the markets and really enhance the philosophy of having money available for housing.

I understand the Minister of Finance (Mr. Benson) has been consulted on this subject by officials of the province of Ontario and that right now discussions are being held. Even though some kind of tax adjustment or tax incentive might be needed, I hope that he and his colleagues on the treasury bench will realize we are in trouble when it comes to mortgage moneys.

• (3:00 p.m.)

There is another irritating point with respect to housing. As I understand it, representatives of the province of Ontario met recently with federal authorities and said, "You are hampering us because of your complacency with regard to what we are trying to do in our housing programs and because of the sporadic influx of money from you." This is reflected in an article which appeared in a newspaper some time this year—I do not have the exact date—which reads as follows:

> Ontario has asked the federal government to say exactly how much money it will loan the province for housing in 1970 to avoid the federal delays which hampered the provincial building program last year. Trade Minister Stanley Randall said Wednesday...
>
> He said he hopes for a federal reply to Ontario's request for a definite commitment before the end of 1969.

Can we not give the province of Ontario an affirmative answer in that regard? I hope the government can. It does not have too much time left in which to find solutions to our housing problems. All it has to do is say, "Yes, we understand that in the past we have been somewhat ill-advised as to the way in which we are spending our money. However, starting this year we will say we have so many million dollars for the province of Ontario, so much for the west, and so much for the east, to be spent on housing". Then

the provinces will know how much money they can count on in the future, and particularly next year.

I conclude by saying that for the government to introduce this bill and say that it will mean something significant, in terms of moneys being injected into the mortgage field, is absolutely wrong because that is not necessarily so. I think we must consider that it will not be so.

The other matter that we have to consider—and I hope that when this bill is placed before the committee it will scrutinize it carefully—is why it is necessary, when we are in the position to state that we are short of mortgage moneys and these companies have the necessary funds, for them to invest their money in foreign countries. This means that they take a pretty dim view of Canada's future.

Mr. Woolliams: The white paper is the reason.

Mr. Alexander: We do not want to get into that debate today, and Mr. Speaker is liable to call me to order if I start on that subject now. But perhaps that is another reason for these companies saying, "We must get some money out of the country before Benson gets it." If this government is going to attack our housing problem with sincerity, it will have to do much better than what is proposed in Bill S-8.

Mr. John Burton (Regina East): Mr. Speaker, when the Minister without Portfolio (Mr. Gray) introduced the bill now before us, an act to amend the Trust Companies Act, I was very interested in the explanations that he provided. I could perhaps express it more accurately by saying that I was more interested in the things he did not explain, the areas he did not deal with, when he presented the bill.

The minister went to some length to spell out some of the nuts and bolts of this legislation, some of the specific items that are contained in the bill, and stressed several of them as being very important provisions. That is fine and well, but the fact is that we heard nothing from the minister by way of an enunciation of the government's basic policy and thinking with respect to this legislation, the philosophy behind it or the future course of action which it intends to follow in setting down the guidelines for the management of the nation's finances.

I think there are some fairly profound implications in what the government is now proposing. I think it is clear that it is opting for the status quo, for what we know is inadequate. The government is hoping that by tinkering with the mechanics of the legislation by way of some specific items and provisions contained in the bill, it can quieten down the public and avert the storm of protest that would probably arise if it did not take any action at all.

I think it is very important that this question be discussed in the House during the debate on second reading. It is all very well to suggest that many things can be dealt with during the committee's consideration, but the fact is that there are fundamental issues which need to be discussed in the House at this time.

Mr. Gray: Mr. Speaker, may I ask the hon. member a question?

Mr. Burton: I think it ill behooved the hon. member for Grenville-Carleton (Mr. Blair) to suggest that he wanted to hear a rather more scholarly dissertation from the hon. member for Waterloo (Mr. Saltsman). I think that the people of Canada and this House owe the hon. member for Waterloo a debt of gratitude because he put some of the fundamental issues before the House today.

The hon. member for Grenville-Carleton was quite erroneous in his interpretation of some of the remarks of the hon. member for Waterloo. The latter did not state that this legislation would allow trust companies to enter the personal loan field or the real estate field without any limits. I think the implication left by the hon. member for Waterloo was that trust companies could enter these fields to the extent that their policy determined, and this bill will give them all the authorization they are seeking. The hon. member for Grenville-Carleton said he hoped that this sort of defective scholarly approach would not be present when the bill is before the Committee on Finance, Trade and Economic Affairs. I hope that when the bill is before the committee some of the fundamental considerations which need to be taken into account will be raised and discussed.

The hon. member for Grenville-Carleton suggested that trust companies are a very convenient type of corporation for making loans available for housing and other worth while purposes. He went on to argue that more money is needed for housing. However, in the very next sentence he suggested that the trust and loan companies have done more

than anyone else in the way of financing housing. This may very well be the case. However, there is a contradiction between these two statements because it is evident, by the admission of the hon. member, that what has been done up till now has been inadequate. I suggest that the situation in the future will not be helped materially by the provisions of this legislation, and certainly the social capital required in Canada will not be provided automatically by making it easier for trust companies to operate.

It seems to me that there are two basic considerations before the House. One—and this area was dealt with by the minister—has to do with the operations of the companies. This involves the shareholders' and the depositors' interest. There is a legitimate place for the consideration of these interests within the framework of operations of these companies as authorized in legislation passed by the Parliament of Canada. This involves, quite properly, consideration of the internal aspect of the operations; it involves various housekeeping considerations. There are in the bill a number of such considerations. It also involves problems of safeguards for the shareholders, for depositors, for purchasers of debentures, for all those who deal with these companies. These safeguards are necessary because these companies are dealing with the public.

• (3:10 p.m.)

As was noted by the hon. member for Grenville-Carleton (Mr. Blair), certain problems which originated in the past several years have occupied the attention of many people in Canada. But it seems to me there is a wider interest. There must be concern for the public interest if we are to examine the full scope and implications of this bill. It seems to me there is not in this bill an adequate consideration of the public interest.

When we deal with the role of trust companies and other companies that we will be considering in later bills, we deal with matters such as the role of finance in the economy, the role that is to be played through finance companies, how they are to affect the performance of the economy and their impact on the economy. It goes beyond that, because it has a critically important effect on the lives of people in Canada. It has an effect on the welfare and well-being of people throughout Canada, and many people far from the immediate reach of these companies are affected by the decisions they make in carrying on their day-to-day operations. In the face of this situation, what is the government's attitude? It seems to be: Let them do it. Let them go ahead and do their thing and we will see there are some controls to protect the shareholders' interests, and safeguards so that they do not get into trouble which will make us the subject of public criticism.

It is obvious to all of us in this House, and to people throughout Canada, that difficulties have been encountered by the government in dealing with the current economic situation. The fact is that the fiscal and monetary restraints introduced by the government have not been effective. They have had no real effect in dealing with the inflation psychology which has been of great concern to the government. The fact is that the private sector of the economy has continued on its way without any feeling of restriction; it has carried out its activities unimpeded by the controls about which the government made a great fuss when introducing them. There has been no real restriction or restraint on the role played by the private sector of the economy in the present situation, about which the government professes to be greatly concerned. The fact is that decisions affecting the public interest are often, because of the structure of our economy, made by those controlling financial sources.

We have to ask: Where is real economic power held in Canada? It must be acknowledged by all that a great deal of the economic power in Canada is held in the private sector, and that that power is not widely diffused in the old classical sense. The fact is that a good deal of that power is concentrated in so few hands that those hands are able to deal very closely with the government. They are able to deal with it very much on an equal basis, so that the government, which speaks for the people of this country, is not able to play as effective a role as it might in dealing with the economic problems that must be faced.

We must take into account the realities of the world. Canada and the world have changed. No longer have we a situation in which power is widely diffused, in which we have a large number of small operations in all sectors of the economy. We do not have a widely diffused economic structure in this country any more. A large part of the economic power is in the hands of a relatively small number of corporations, many of which operate beyond national borders. In fact it has been suggested by people close to the situation, such as George Ball, Under Secretary of State in the U.S. government of President Johnson, that the power of the future will be

in the hands of the multi-national corporation and will not be in the hands of the national states that we know today.

Within the framework of our economic structure a great deal of importance must be attached to our system of credit and to those institutions which extend credit. We must be concerned about the loaning of money, the gathering of savings and the accumulation of wealth. One could relate a great deal of history in dealing with this subject. I will not go into that this afternoon because I would like to deal with a few specific items of concern to us today.

The major concern must be, what is the government policy in dealing with the new situation we face in a world wherein there is a concentration of economic power? Will the government go along with the status quo? Is it prepared to see more and more of the economic power in this country placed in the hands of fewer and fewer people, and very often in the hands of people who live beyond Canada's borders?

I recognize there are provisions in the legislation which do make a very weak attempt to protect the position of Canadians, but I suggest that the legislation certainly will not be effective. I suggest the government has stated support for the status quo in terms of its basic approach to financial institutions in this country and with respect to the power held by the private sector of the economy in extending credit, not to mention all the other powers which rest with financial institutions. I suggest this policy is not good enough; it will not deal effectively with the problems of the future.

The power of the financial institutions in today's world is very great. Over the past few years many countries have faced difficulties in their monetary and economic affairs. They have found they have had to resort to a greater and greater degree of public intervention and public activity. I suggest this will be the case in Canada if we are to deal effectively with our economic and financial problems in the future.

Thus, there must be a change in direction, in terms of government philosophy and thinking in dealing with this matter. Rather than having power vested in the hands of a few working for their own private interest, I suggest that power must be in the hands of the public. This power must be exerted through governments. Governments play a key role in today's society and will continue to do so in the society of the future. Together with this there must be effective participation by people through a variety of institutions.

I think the hon. member for Waterloo performed a very valuable service to the people of Canada when he suggested some of the things that are required within the framework of this legislation if it is to be effective, if it is to set out the role that is expected of these institutions today and in the future. His first proposal was that all financial institutions should be brought under the jurisdiction of the Bank of Canada. This proposal has also been put forward by other members in this debate. There is no excuse for the government ignoring it. It has been noted that the Porter Royal Commission recommended this move, and I see no reason why it should not be acted upon at this time. It is also to be noted that this legislation provides authority to change the lending ratios of the institutions with which the bill is concerned. It seems to me that the Bank of Canada should have jurisdiction over and authority to deal with this matter.

We should also make certain that the public interest is protected by having at least one government appointee on the board of directors of each trust company. I believe, as does the hon. member for Waterloo, that we should know that a certain percentage of the lending and investment funds of trust and finance companies are used according to the dictates of public policy. Finally, it is suggested that the Bank of Canada should have the power to regulate the rate of return of these institutions and to regulate interest rates. The steps outlined are the very minimum if these institutions are to operate in the public interest.

• (3:20 p.m.)

What do we see on the part of the government? I suggest that we have witnessed an abdication of responsibility. This is sickening and frightening; it is also ominous in terms of the future of the Canadian economy and the Canadian people. There are conflicts in the policy because on the one hand some portions of the operations of our chartered banks come under the jurisdiction and authority of the government of Canada, and on the other hand some financial institutions are allowed to operate without any sort of effective control by the central banking institution.

We view with concern the government's policy with respect to high interest rates. I suggest to hon. members opposite that there is growing public resentment at the manner

in which interest rates have been allowed to skyrocket over the last couple of years. I suggest that the Canadian public is not willing to put up with this situation indefinitely. Government policy as it has been developed until now will not be effective in controlling interest rates in Canada. Our whole economic structure is becoming increasingly fragile on the basis of the policies being followed by this government.

When introducing this bill the minister said that there is need to increase the supply of funds for housing. The hon. member for Waterloo has already dealt with this point and I referred to it earlier. Private financial institutions have had every opportunity to show that adequate funds were available to the Canadian public for housing and to see that these funds were made available on a reasonable basis, allowing people on moderate incomes to proceed with their plans to construct decent homes. I suggest that on the basis of the legislation before us there will be no further progress in dealing with the housing problem of this country; that is, essentially, the problem of housing for people of low and moderate incomes. I suggest that no more progress will be made in the future than has been made over the past several years.

There are in the bill a number of proposals which would widen the power of trust companies. I suppose it might be said that this will better enable these companies to serve the public. I suggest that it will be a case of gouging the public. I think this reflects the government's attitude which is inadequate and is causing an increasing degree of frustration and resentment throughout Canada.

It is also interesting to note the attitude of some of the finance companies as exhibited in recent weeks. Over the past two or three months a number of financial institutions have made representations to the Finance, Trade and Economic Affairs Committee on the subject of interest rates. Each had an explanation with respect to the current difficulties and for the record established in rising interest rates. On one thing all were unanimous—each said, no more controls. Mr. Speaker, when these companies make this type of assertion, I become suspicious. That is what they are afraid of, because they know it would put an end to the policies they have been following over the past few years. They seem to be afraid of public action. Why? Are they afraid that their vested interests will be hurt in some way?

No proposals have been made that they should not receive a just return on their investment. The hon. member for Grenville-Carleton referred to this concept. I do not know whether he feels that safeguards to protect the public from high interest rates or rates which must be defined as usury will harm the trust and loan companies. On the basis of our economic structure and the freedom of action granted to them in this bill, I suggest they are unwilling to accept their share of responsibility in the development of our country.

I further suggest that the government has been blind to the direction in which it is leading the economy. It has exhibited a blind acceptance of the status quo. There has been no discussion or consideration of the public interest. That is totally lacking in this bill and in its presentation by the government. There seems to be an attitude of see nothing, hear nothing and do nothing that will in any way harm the government's friends in the financial world who are making a very good living out of the distress in which many Canadians find themselves. On that basis, Mr. Speaker, I cannot support the bill as it is now before the House.

Mr. Osler: Mr. Speaker, may I ask the hon. member a question? His speech was very interesting. I wonder if he would tell us just one thing that he would like to see changed in the bill.

Mr. Burton: Mr. Speaker, in the time at my disposal it was not possible to deal with all the changes I should like to see in this bill. If the hon. member for Winnipeg South Centre (Mr. Osler) will review *Hansard* he will find that in the speech which I have just concluded I placed five specific proposals before the House.

An hon. Member: What about one suggestion now?

Another hon. Member: Change the government.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I should like to make two points with reference to the bill before us. One is general enough to include the next bill that we will be considering, and since I think many members, like myself, would like to get out of here by Christmas, 1971, if not Christmas 1969 or 1970, perhaps I might be permitted to refer to both points at the same time.

Before I make the two points, I should like to compliment the minister who has responsibility for this bill. I think he made an

excellent categorization of the points contained in the measure, but I do not think there was an adequate explanation of the philosophy behind the two bills in respect of trust and loan companies. However, in an illustrative way he did go over half the course.

The first point that I should like to make is a general one dealing with both trust companies and loan companies. This matter was raised by the municipality of the county of Halifax when the loan company bill was originally considered by the other place earlier this year. This particular point appears as clause 24 in each of the bills, the one we are considering now and the one to be considered later, and concerns the power of the two types of company to invest. Frankly, sir, I do not know whether the point raised is a valid one. However, the municipality has already discussed it and sent its views to me to present to the House. I feel it incumbent upon me to do so, and perhaps more particularly to do so in the committee which will be dealing with this matter. I believe there are questions raised by this very responsible body, the municipality of the county of Halifax, that should be dealt with when the two bills are being considered in committee.

They are afraid that the power of trust and loan companies to invest in municipal securities of the country may be reduced as a result of provisions contained in clause 24 of this and the next bill. Without further ado and because I am confident that people will be good enough to raise the question in committee, I will just put the resolution on the record and trust my colleagues on that committee to study the matter and ask the necessary questions.

• (3:30 p.m.)

I would like to be in the committee to ask these questions, but we all belong to different committees. Even if one had the agility of a flea and the ability of Superman to pierce through the walls around this building, he still could not attend all the committees which meet at various times and deal with various topics. The resolution that was passed by the Municipality of the County of Halifax earlier this year reads as follows:

That whereas Bill No. S-38—

This refers to the bill number as it was in the previous session.

—which is a bill of the Senate of Canada, and presumably will go to the House of Commons some time this Fall, has been brought to the attention of the Council of the Municipality of the County of Halifax.

The Bill provides that Federal Loan Companies carry in their investment portfolio cash or Federal and Provincial Government bonds for liquidity purposes and states that Junior Government bonds will not be acceptable for such purposes unless they are guaranteed by the appropriate Provincial Government.

The Municipality of the County of Halifax and indeed all Municipal Governments in Canada are concerned about the marketing of their debentures and the high interest rates that have to be paid in today's market. It is felt very strongly by this Council that the Federal Government should perhaps be taking some action to improve the situation rather than take steps that will probably curtail the sale of Municipal debentures.

At the last session of the Municipal Council of the Municipality of the County of Halifax the following resolution was duly passed:

That whereas Bill No. S-38 will make it imperative that Federal loan companies carry in their investment portfolio cash on Federal and Provincial Government bonds for liquidity purposes and junior government bonds will not be acceptable for such purposes unless they are guaranteed by the appropriate Provincial Government;

And whereas the said Bill has received third reading in the Senate of Canada and will be before the House of Commons in the autumn of this year;

And whereas because of today's high interest rates and scarcity of money available for Municipal purposes it is extremely difficult to sell Municipal debentures;

And whereas if the proposed Bill S-38 is enacted it would increase this difficulty by denying to Municipalities potential customers for Municipal debentures;

Be it resolved that the Council of the County of Halifax vigorously protest this legislation and urge that it not be enacted;

And be it further resolved that a copy of this resolution be sent to the Prime Minister of Canada, the Minister of Finance, the Premier of Nova Scotia, the Minister of Finance and Economics, and the Federal and Provincial representatives from Halifax County;

And be it further resolved that the Union of Nova Scotia Municipalities be requested to support this protest and do all that it can to oppose the passage of the Bill.

That is the end of the resolution. I believe I have fairly stated the point I want to make. I read very carefully the provisions in this measure and the one forthcoming, which is really the one to which this resolution is directed. They both have the same import. I cannot make up my mind whether a valid point has been raised. All I ask on second reading—and I am perhaps a little out of order—is that this point of view be earnestly considered. The committee that studies this measure and the next one should have a clear opinion as to whether the municipalities of

this country are being denied something that they feel is their right.

I will be very brief on the second point which I wish to make. It arises from page 36 of the bill before us, in which an option is given to the trust companies when lending on mortgages to increase the amount they can lend beyond three-quarters of the valuation of real property. It is provided that there be a policy of mortgage insurance issued by an insurance company registered under the Canadian and British Insurance Companies Act or the Foreign Insurance Companies Act. The point I raise is that on its face the provision perhaps represents a very valid step forward in trying to provide more mortgage financing, especially in these times of high cost, for the building of homes. From my experience when dealing with traditional lending companies and with whatever high risks one thinks are inherent in an inflationary situation, you get into a situation that is a little beyond that contemplated in the pious words of this part of the bill.

Most hon. members who are lawyers have dealt with mortgage financing. Where there is a combination of primary and secondary mortgage financing there is a great difference between the rate on the first three-quarters and that on the second portion. Again I must ask the committee to do something I cannot do because I shall be busy in other places. The committee should not only ask what the words say, because their meaning is obvious, but they should get down to the nitty-gritty issue of the kind of insurance charges that will be levied between the mortgage three-quarter value or value in excess of seven-eighths. I suspect some of these figures will be rather eye-opening, perhaps even dashing to the earnest hopes of the minister who presented the measure this afternoon and to the people who hoped this bill would effect some improvement in home building in this country. I think many eyes will be opened. The approach used is not realistic.

I hate to be a devil's advocate in dealing with the other important measure. I do not share all the pessimism of those who have been dealing with this trust company measure this afternoon, particularly my friends to my left. I do not think they are demons with horns; I believe they are human beings with frailties.

Mr. Gilbert: Aren't we all?

Mr. McCleave: These are important matters to be considered. I hope the committee which studies this measure will follow up the two points I have raised. I thank hon. members for their patience.

Mr. John Gilbert (Broadview): Mr. Speaker, Bill S-8 is very important and complex. It is one of a group of bills that deals with financial matters and originated in the other place. When I read the debates of the other place and the evidence given before the banking committee, I thought it fell short of the scrutiny that the bill deserved.

It is fair to say that when this bill was first introduced in May in the other place it took no more than half an hour to deal with it, and there were only two speakers. It is difficult to determine any difference between the two speeches, the one which was supposed to present the government's position and the other the position of the opposition. The bill had a very short stay in the banking committee. The main witness was the Superintendent of Insurance, Mr. Humphry. He seemed to be the main spokesman with regard to these bills. He enlightens the senators with regard to the provisions of this bill. One would think that in the other place, where there is so much corporate experience among the Senators, they would have been anxious to use their experience and knowledge when dealing with this important bill.

This bill was again dealt with in November and we had the same situation. There were again, two speakers and it is difficult to determine any difference in philosophy regarding this bill. Again it was rushed through the banking committee and was then presented for third reading. Perhaps so many members of the other place have such a wide financial interest in so many financial institutions that they felt they were ruled out of order because of a conflict of interest. If this was the case, it underlines the necessity for bringing forth legislation requiring Senators to declare their assets when they are appointed to the other place. If cabinet ministers have to divest themselves of their interests, surely Senators should at least declare their assets, the companies in which they are involved, the directorships they hold and the number of shares they have in these companies, so they can direct their attention to these very important bills.

We in the New Democratic Party have said there are many shortcomings in Bill S-8. We will also say there are many shortcomings in other financial bills. We cannot support the

bill as it has been presented to the House today. The reason we do not support it encompasses five main grounds, and I would like to state those grounds, Mr. Speaker.

1. The government of Canada should bring all financial institutions under the jurisdiction of the Bank of Canada.

2. The Bank of Canada should regulate the loan ratios of all financial institutions.

3. The public interest of all Canadians should be protected by a nominee of the Bank of Canada on each board of the different financial institutions.

• (3:40 p.m.)

4. The Government of Canada should set out a list of priorities for the public benefit and interest, and these priorities should be incorporated into the lending policies of the financial institutions.

5. The Bank of Canada should be given the power to regulate the rate of financial return to those financial institutions.

Let me deal with the first proposition. It is saying no more than was recommended by the Porter Commission on Banking which pointed out that trust companies are very much like banks; in fact, the Commission referred to them as near-banks and said it was necessary that they should come under the jurisdiction of the federal government. One would think that the financial institutions of a country should be efficient and responsive to the needs and priorities of Canadians, yet when I look at the activities of the Bank of Canada I find it has not been a leader in this direction. I find that the Bank of Canada is the apologist for the chartered banks as well as being an apologist for the inaction of the government in dealing with the financial problems we are experiencing.

It would be fair to say we have a proliferation of financial institutions, some of them being trust companies. Evidence shows that there are nine federally incorporated trust companies administered by the federal authority, and ten provincial trust companies administered by the federal Superintendent of Insurance. This means there are 19 trust companies under federal jurisdiction. In addition, there are between 45 and 47 provincially incorporated trust companies which operate entirely within the confines of the province which incorporated them. Therefore, we find roughly one-third of the trust companies under federal jurisdiction and two-thirds under provincial jurisdiction.

It might be worth noting that the federal trust companies have $3.5 billion in assets to administer and that the provincial companies have about $10.8 billion. This is no small amount of money; the size of these assets is one of the main reasons we think trust companies should fall within federal jurisdiction and come directly under the guidance, control and regulation of the Bank of Canada. I do not know how many loan companies there are, but we find there are 65 trust companies operating across Canada, and in these circumstances one can appreciate the difficulty of obtaining efficiency and getting a response to the social needs of the country.

With regard to the proposition that the Bank of Canada should regulate the loan ratios of all financial institutions, it has been pointed out that the trust companies began with an investment authority amounting to ten times the ratio of their capital and surplus. The ratio was increased to 15 times, and now the trust companies are asking that it be raised to 20 times the amount of their capital and surplus. The minister has told us that the purpose of increasing the ratio is to make more money available for housing, but it has been ably argued by members of my party that this increase in no way supplies new money; all it does is reallocate the savings of Canadians which flow into the financial institutions.

We have said there should be direction of the investment portfolios of trust companies so that they would take care of the housing needs of Canadians. In considering the increased investment powers of these companies one has the right to be very dubious with regard to the extent to which an increase in the money available for housing will result from an increase in the permitted loan ratio. In all likelihood we will find that there is actually a decrease in the amount provided for housing. For my part, I have seen no evidence of any great interest by the trust companies in the housing needs of Canada, more especially with regard to public housing and housing for low-income groups. They were finally persuaded, after a good deal of urging, to invest in condominium housing but their record to date has not been a very proud one in this field. We say, therefore, that provision should be made for a definite percentage of the investment portfolio of these companies to be directed into housing.

I now turn to the proposition that the public interest of all Canadians should be protected by placing a nominee of the Bank of

Canada on each board of these financial institutions. Mr. Speaker, it is difficult to determine who are the true owners of the financial institutions in Canada today. They operate what is known as a cosy club; it is difficult to break through the chain of ownership which prevails. I recall that when we were studying the Bank Act in the Standing Committee on Finance, Trade and Economic Affairs we suggested there should be a representative of the consumers of Canada on the board of directors of all the banks. This was refused. We also suggested that since the trade unions deposited large sums in the banks for purposes of saving, and so forth, there should be a representative from the trade unions sitting on the board of directors of the chartered banks. Again, this proposal was ignored. We are now saying that to protect the public interest, there should be a nominee of the Bank of Canada sitting on the boards of all the financial institutions of the country. No act should be slanted in such a way as to protect the privileged few in our society; all acts should be slanted toward the protection of the majority.

We recommend that there be a list of all those who hold substantial shares in our financial institutions—a list which would be accessible to the public. I cannot help wondering who does, in fact, own the majority of the shares in some of these banks, trust companies and loan companies. The fancy corporate techniques which are used today tend to cover up the true facts about ownership. One finds it difficult to strike at the true owners when such practices prevail.

My fourth point is that the government should set out a list of priorities for the public benefit and that these priorities should be incorporated in the policies of the lending institutions. At present we find the chartered banks operating under the suasion of the government. It has been said that 15 per cent of all their loans has been directed to such fields as housing, student loans, small business loans, and so on. This should not be achieved through suasion, Mr. Speaker; it should be done through direction. We should direct that a percentage of their loans be made available, without delay, for public purposes.

• (3:50 p.m.)

I recall the experience of 1968 when at the beginning of the fall the minister in charge of housing, the hon. member for Trinity (Mr. Hellyer), realized there would be a shortage of housing in Canada. What did he do at that time? He directed moneys that had been earmarked for the public sector to the private sector for housing purposes. In other words, a shortfall in housing had been created by a shortage of housing money provided by banks and trust companies, and the minister had to sacrifice money that was earmarked for public housing by diverting it into the field of private housing.

It is fair to say that trust companies, like other companies today, are lending at very high rates of interest. When I see advertisements used by trust companies as gimmicks to attract customers and saving accounts, I am sick to my stomach. Big cards are displayed offering household items free if you become a customer. Other placards offer loans at 8 per cent interest. No wonder Canadians are finding it difficult to meet their financial needs.

I recall an occasion when the hon. member for Grenville-Carleton (Mr. Blair) introduced a bill on behalf of the Huron and Erie Trust Company. During the debate in the Standing Committee on Finance, Trade and Economic Affairs the hon. member for Waterloo (Mr. Saltsman) asked one of the directors of the company what would be a fair return on the money they obtained. This gentleman suggested that a fair return would be between 1 and 2 per cent. A reasonable profit of between 1 and 2 per cent could be obtained by these companies, yet they are paying 8 per cent interest to depositors and charging mortgagors and other borrowers 10 to 12 per cent interest. I think that interest rates have reached an extortionate level, and it is time the government stepped in and took immediate action.

My fifth point is that the Bank of Canada should be given power to regulate the rate of return of financial institutions. In the last few weeks financial returns of banks have indicated that their profits are enormous. The same can be said about trust companies. The Minister of Finance (Mr. Benson) hopes that the market mechanism in regard to interest rates will come into operation. Surely he has discovered by this time that the market mechanism for adjusting interest rates is outmoded, that we should at least try a floating rate of exchange of the kind which has been so successful in other countries, and at the moment particularly in Germany. It has been said that money is the root of all evil, but surely it is the love of money that is the root of all evil. Certainly the practices of trust companies and other financial institutions whose sole determination is to make

money have created a great deal of evil within our society.

If I may turn my attention to the bill itself, I find broad changes are being made to the act to permit trust companies to incorporate by letters patent instead of by way of special Act of Parliament; to allow companies which have been incorporated by special Act of Parliament to amend their charters without passing another special Act of Parliament. I imagine that these amendments are the result of tenacious efforts by members of my party to expose the practices of some financial institutions. The members of the New Democratic Party have attempted to slow up the progress of certain bills because of the inherent dangers in them to the public of Canada. For this we make no apology. In fact, we are quite proud of our achievement as a party in putting before Canadians some of the inherent dangers that lie in the practices of trust companies and other financial institutions.

The bill enables provincially incorporated trust companies, when authorized by provincial law, to continue as federally incorporated companies without the requirement of passing a special act in each case. The bill gives power to trust companies to widen their scope of investment, more especially with regard to foreign companies. The bill also prohibits investment where transactions are not at arm's length; and there are other amendments in regard to investment similar to those relating to insurance companies.

Some of these administrative changes are welcome; others are in need of close scrutiny. When I read the debate in the Senate on introduction of the bill, I observed the words of the Senator who introduced the bill. He said that confidence in trust companies is high in view of the character of the people in the industry; and secondly that there is further assurance of public protection through deposit insurance.

Speaking of trust companies, I am reminded of Prudential Trust, of British Mortgage and Trust, and some of the practices adopted by these companies. I also think of the lack of regulation and control by both federal and provincial governments at the time. I recall that when the matter was raised in this House the Minister of Finance said he had nothing to do with Prudential Trust, that it was a provincially incorporated company for which the provincial government was responsible. When one realizes that investors in Prudential Trust will probably get a return of 10 cents on their investment dollar, is it any wonder that we need very close scrutiny and very close regulation at the federal level in regard to matters relating to trust companies? Again, this is why we contend that all financial institutions should come under the federal government's umbrella, and more particularly under the umbrella of the Bank of Canada.

I also recall the reluctance of financial institutions to accept the introduction of deposit insurance, and this gives me cause to smile at the Senator's statement that confidence is high now there is deposit insurance. May I call it four o'clock?

Mr. Deputy Speaker: Order. It being four o'clock the House will now proceed to the consideration of private members' business, as listed on today's order paper, namely, public bills.

PRIVATE MEMBERS' PUBLIC BILLS

CRIMINAL CODE

MODERNIZATION OF LAW OF PICKETING

Mr. J. Edward Broadbent (Oshawa-Whitby) moved that Bill C-16, to amend the Criminal Code (modernization of law of picketing), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, Bill C-16 proposes an amendment to subsection 2 of section 366 of the Criminal Code of Canada. The purpose of the bill is to permit peaceful picketing by any number of people for the purpose not only of communicating information but of persuading other employees and people having business dealings with a company whose employees are on strike to support the cause of the picketers, particularly in the case of a lawful strike.

• (4:00 p.m.)

At the present time section 366 of the Criminal Code prohibits intimidation by means of violence or threats, especially when conducted by watching or besetting. This is sensible. Subsection 2 of section 366 provides an exception in applying the concepts of watching or besetting. A person does not watch or beset, within the meaning of section 366, if he attends at or near or approaches a dwellinghouse or place only for the purpose of obtaining or communicating information.

As the law now reads, there are two significant defects in it. The first is that a judge in our courts may reasonably decide that in the case of an otherwise legally conducted strike any number of pickets except one is a form of intimidation. Such judgments have in fact been made. The reason is that subsection 2 begins with the words "A person who attends at or near". My proposed amendment would remove the possibility of such a decision in the future by replacing the single "person" with the plural "persons". With this change there would be no ambiguity in respect of the number of persons permitted to picket.

The second flaw in subsection 2 as it now reads is that it asserts that one does not watch or beset if one's purpose is only to obtain or communicate information. The legal force of this subsection is that if a man on strike, in addition to imparting information seeks actively to persuade others to follow his example, he can be charged with watching or besetting. My proposed revision of subsection 2 would make it a legitimate purpose of picketing to persuade or attempt to persuade, without violence or attempts at violence, others to do or not to do something.

Briefly, what are the arguments for this bill? One argument in favour of the change I am proposing is that it would give workers in Canada the same rights as other people in demonstrating for or against a cause they believe to be either just or unjust. It would make clear beyond doubt that more than one person must be permitted to join a demonstration or picket line. I suggest that the law as it now stands is discriminatory towards workers because it leaves to the courts the decision whether more than one person could be considered to be intimidating in a strike or a picket line.

Canadian law as it now stands applies a standard to workers that is not applied to other citizens. Why should not 50, 100 or 200, whatever be the figure, working people be allowed to demonstrate on a picket line just as they can now in respect of any other kind of demonstration? We have had demonstrations in respect of Biafra, the Lord's Day Act and Viet Nam.

We have in this country no laws that refer to demonstrations of this sort. Why do we have them for working people? It seems to me obvious from our own liberal traditions that there is contradiction here which should be abolished in our Criminal Code. We must abolish this double standard, one for working people and another for citizens at large. All that is needed is the application of the same legal standard which imposes non-violent, non-intimidating behaviour on citizens. We must remove discriminatory legislation which sets our workers apart from other citizens in respect of their demonstrating. If there is violence and intimidation by workers on a picket line, of course they should be punished according to the laws of the land.

I am arguing that we should not have one set of laws for this kind of demonstration and another set of laws for others. Workers are citizens and they should have the same rights. They should be allowed to demonstrate in whatever numbers they decide is useful, just as other groups are allowed to demonstrate in a peaceful way in whatever number they are able to muster. Numbers do cause people to think; they sit back and reflect upon action taken and decide whether it is just. There is no reason, therefore, why a picket line or any other kind of demonstration should be arbitrarily restricted to one person.

The second improvement my amendment would make is that it would allow working people not only to communicate information, as is the case under the present law, but to actively persuade others that their cause is just. It would permit secondary picketing; it would permit workers to go virtually anywhere in the community and make their views known by means of a demonstration and carefully constructed arguments seeking public support for their activities.

I ask again, is this not an elementary freedom that the rest of us take for granted in our society? Whether one is for or against the war in Viet Nam, for or against Canadian involvement in the Nigeria-Biafra civil war, we do not impose restrictions on people demonstrating and distributing factual information. We look upon it as a right, and indeed a duty, for people to actively seek to persuade others of the justice of their cause.

Once again, I think the same rights should be given to working people who are seeking support for a cause in which they believe. They should have the right, therefore, not simply to give out factual information but to actively persuade members of the community to follow their example. I stress that if violence or intimidation of any sort should occur as a result of this activity, there should not be any legal exemption in respect of working people, just as there is not for people taking part in any other kind of demonstration. The same kind of standards

should apply. Where the law is broken and where there is intimidation or violence, those involved should be punished.

That, very briefly, is my argument in favour of the bill. I am indebted to the Hon. Sidney Green, Minister of Health and Social Services in the Manitoba government, for the general framework of my argument. He argued along similar lines in that legislature in January, February and March of 1967. Those who want to be very well informed on this question should look at his arguments as well as the arguments of those who were opposed.

As I see it, the arguments I have put forward are clear and convincing to anyone in a liberal, democratic society. I look forward to hearing from those who intend to speak on this bill, especially those who intend to oppose it. I hope they will come to grips with these arguments and not go off on some other tack simply to talk the bill out. I present this challenge to them: Do they think that the workers of our country should have the same rights as other citizens, or are they in favour of discriminatory laws?

Mr. Cullen: Mr. Speaker, I should like to ask the hon. member whether he admits that workers, apart from picketing, have the same rights as other citizens to parade and have people join their parade; to effect a demonstration similar to those for or against the Viet Nam war? Do the workers not have the right to parade that other citizens enjoy?

Mr. Broadbent: Yes, but with respect, as one says around here, I think the point has been missed. Of course workers have the same right if they want to demonstrate for or against the war in Viet Nam.

• (4:10 p.m.)

The point I am making is that picketing should be termed a demonstration much like other demonstrations, so that the same criteria in respect of violence, and so on, would hold for picketing as for other demonstrations. We should not have separate laws for different types of demonstrations; we should have the same law for all.

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I think if we examine the true meaning of picketing it will become obvious that the change in the Criminal Code suggested today is undesirable. Robert's Dictionary of Industrial Relations, the 1966 edition, defines picketing as "the actual patrolling at or near the employer's place of business during a strike or other dispute, to give notice of the existence of a labour dispute, to publicize it, or to persuade workers to join the union, and to discourage or prevent persons from entering or going to work".

I am opposed to mass picketing because it goes beyond the purpose and creates dangerous side-effects conducive to inciting criminal conduct and infringing individual freedom. It also inhibits rational persuasion. The proposed bill is a reactionary suggestion which, if passed, would cause industrial relations to move backward rather than forward. I suggest that mass picketing would lead to competing picket lines, with the risk of physical violence. Today we should seek an end of the strike as a means of settling industrial disputes.

An hon. Member: Would the hon. member permit a question?

Mr. Gibson: I would be glad to do so at the end of my speech. We seek a change in the mode of operation. The meeting of violent competing groups is an anachronistic, costly method of settling industrial disputes. It is not the type of system we are trying to encourage. We are trying to get away from mass confrontation and to the point where we can reason out these matters behind the table, along the line followed in Swedish industrial relations where they do not have a strike from one year to the other. I suggest the worst way to promote industrial harmony is to pass a law which encourages assemblies of those with competing views on the streets of our great cities and industrial centres. When we have a large corps of people in large centres, I suggest the worst way of settling their arguments is by shouting at each other in the streets. I suggest this is not in the interest of labour and that labour should not be represented by the fist-swinging in the alley.

These things are portrayed on television. It hurts the cause of labour when people see an act of brutality like a car turned over or people being pushed around and bullied by irresponsible elements in the labour movement who do not adequately reflect the views of the clean-cut, fine Canadian union worker. I believe that patient negotiation with modern methods of conciliation is preferable to the average industrial worker in Canada today, rather than the assembly of large numbers on the picket lines. This view is based on information I have obtained in my riding from talking to industrial workers in Hamilton. A good many of them are

fed up with strikes and hope there will never be another one like the last one which, because of pressures from the United States, was distorted. I hope we will see a straightening-out and a balancing of the situation. I believe that patient negotiation is preferable and that the industrial worker does not want to lose three or four months employment during a year because of a strike.

The assembly of large numbers of people on picket lines where there are competing groups is an example of a strike of the worst type. Certainly the results of crowd action in some cases are not because of the strike but because of lack of respect for the individual rights of citizens of this country. There have been examples of lawlessness and assaults which have been unrelated to a strike. I think this is a situation which should be watched today.

I believe in picketing. I advocate the cause of labour, the everlasting need to assure industrial workers of income and security protection. I also believe that much harm is done by the competition created by competing crowds angrily confronting each other on the street. The result is inevitable. There are assaults, threats, damage to property, overturned cars and disrespect for civil law and the police. Let us not forget the police. I suggest that representative picketing is much more effective than coercive, mass picketing in the cause of labour relations. I believe public opinion is against the type of activity which creates an atmosphere of tension and danger.

I should like to quote from Reynolds "Labour Economics and Labour Relations" at page 277:

> Physical violence of any sort is unlawful. The pickets may not beat up strikebreakers, injure their cars or cause them other physical harm. By the same token strikebreakers and company police must not assault the strikers, spray them with tear gas or cause them physical damage.

I believe the bill presented today would tend to support violence and civil disorder. Once again I should like to read a quotation; it is taken from the 1966 report of the Ontario Royal Commission on Labour Disputes:

> Mass picketing by relatively large numbers in close ranks or in group formation, effective generally in obstructing entrances to plants or businesses, is not lawful in any western country.

The word "mass" in this context means potential intimidation and mob rule through coercion and fear, the use of the implied threat, which causes the destruction of security and freedom for the ordinary citizen. If we are interested in the maintenance of law and order, we will not permit the erosion of controlling criminals in the field of watching and besetting. The advocacy of threatening intimidation must be curbed in the interest of preserving state control. If it is not, we shall end up with lawlessness and violence, which is desired by only the most primitive people. The evidence indicates that picket line advocacy is on the decline. The trend is toward less provocative means of persuasion.

Mr. Benjamin: You would like to have it that way.

Mr. Gibson: Yes. I think we should find more effective ways than we now have. You want to go back to the reactionary methods of primitive people who use this type of threat.

The necessarily incidental invasion of individual privacy and the private rights of citizens, caused by mass picketing, are ends which society must restrain in order to obtain a just society by means of legal methods.

Mr. Benjamin: What is a just society?

Mr. Gibson: It is a society in which the people on two sides can sit down and negotiate together in good faith so that both sides can continue their economic development without losing time from work and being unemployed. That is what I mean by a just society. It is what we are striving to achieve, and we are moving in this direction rather than in the reactionary one of one mob confronting another. That will not work.

Mr. Speaker, there is no doubt that violence at picket lines has frequently caused lasting bitterness and misunderstanding between individual citizens, as well as physical injury. This must stop. The present law regarding watching and besetting provides protection for the individual Canadian from the destruction of his right to come and go from place to place and to live without fear, apprehension or annoying inconvenience. I support the law as it now stands.

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I do not intend to speak at great length on this proposed amendment. I hear someone say "Hear, hear". I feel very disappointed that someone may not be interested in hearing what I have to say. I see it was the Minister of Industry, Trade and Commerce (Mr. Pepin), my old friend "Smiling Jack".

• (4:20 p.m.)

I wish to commend the hon. member for Oshawa-Whitby (Mr. Broadbent) for bringing in this amendment. He said in his opening remarks that he was only asking for the same rights as others. He went on to say that if anyone broke the law, he should be charged and brought to court, the same as anyone else. I do not think workers should be set apart and dealt with differently than people in the medical profession, the legal profession or any other group. I do not know why so many people seem to think that workers who belong to a union are a strange breed of people, that they are ready to fight all the time. I do not think that is the case. There are some very intelligent men in the unions. The hon. member who introduced the amendment went on to say that there is a lack of communication between workers and members of the public and perhaps this could be overcome by way of pamphlets or any other means that are non-violent.

There is room for dissent in this country, there is room for parades and demonstrations, but there is definitely no room for violence. It is strange, but violence can be found among people in any branch of society. You will find violence even among the jovial cabinet members who smile so much. At times they get cross, as do humble Members of Parliament. So do members of any organization, fraternity or group in society become cross. I am sure there are times when anybody will lose his temper and become a little violent. But I do not think that a worker who is a member of a union is more prone to violence than anyone else.

We hear so much about equality of opportunity. This is thrown at us by the propaganda machinery of the present administration. We hear much about participatory democracy, the just society, and all these high-faluting phrases which do not mean a damn thing as far as I am concerned. The Prime Minister's office and the Privy Council office are being expanded tremendously. They are doing nothing but political work and they are not interested in what is happening in the country. Their sole purpose is to keep this administration in power, and they have their hands full with that. We have had a few months of "pretty Pierre," and God knows what kind of a mess the country will be in when he is defeated in four years' time.

The hon. member for Hamilton-Wentworth (Mr. Gibson) gave us a very clear interpretation of picketing. He even told us where to find it. That is very good; I am glad he knows what picketing means. He said he is opposed to mass picketing. He said it inhibits rational thinking and is a move backward rather than forward. He said he seeks an end to strikes, but he does not spell out the method. He says we will achieve a just society by sitting down and talking. He is looking for the millenium. He will find it as soon as he finds the just society, but he is not going to find a just society under this administration.

He wants to get away from mass confrontation and says that labour does not show the mailed fist. Then he speaks about workers and says what wonderful guys they are. He can speak so well out of both sides of his mouth that I think he is a candidate for the honour of having the greatest forked-tongue. He is doing a tremendous job in that field. He believes in picketing after damning everything pertaining to it. I ask whether he has ever in his short lifespan worked for a company or corporation with which a legitimately regulated union, approved by the law, tried to negotiate for months and in the meantime every effort was made by the company to destroy the rights of the workers in sneaky and underhanded ways, avoiding negotiation with reference to wages and hours of work, pensions, etc.

Has the hon. member ever worked for small wages, especially during the great days of the Liberal administration under Mackenzie King, when everyone was without a job until a guy named Hitler got them a job in September, 1939, and the Liberal administration took credit for it? Has he gone to the point where there was no alternative but to strike? That is the only thing that makes some people sit up and take notice.

Has he ever been on picket duty? Has he had a wife and children who had not much money because the company would not agree to negotiating with regard to proper living wages for its workers? I have been on strike, and I did not engage in violence. I played my part in the demonstrations, as a member of the union, and found this was the only way in which a decision could be reached after a long period of time. No one wants violence; no one wants war; no one wants the Viet Nam war—but regrettably it goes on. I was not lucky enough to have my father survive and send me to the best schools, and all that sort of thing, and look after me. I had to get out and work.

• (4.30 p.m.)

Some hon. Members: Oh, oh!

Mr. Muir (Cape Breton-The Sydneys): Who is that? Is it the buffoon from Calgary South (Mr. Mahoney) who is trying to interject? Mr. Speaker, I ask you to ask him to remain seated on his rather broad posterior, on what little brains he has. Let him remain seated, and when he wants to take part in the discussion he can do so. If he wishes, he can get up after I am through and have his say, but in the meantime let him sit on what little grey matter he has.

Some hon. Members: Oh, oh!

Mr. Muir (Cape Breton-The Sydneys): If any of these fine gentlemen sitting across the way, who are always silent and have nothing to say except from their seats—

Some hon. Members: Shame!

Mr. Muir (Cape Breton-The Sydneys): Now we have the member from Renfrew who used the pulpit to catapult himself into politics. He is making his maiden speech now.

Some hon. Members: Shame!

Mr. Muir (Cape Breton-The Sydneys): He was never a success in the pulpit. Now he tries to be a success in politics. Poor individual; he has a lot to learn. Why doesn't he come in here with his collar backwards, and then maybe we will respect him.

Some hon. Members: Shame!

The Acting Speaker (Mr. Béchard): Order. I think the hon. member's remarks are a little irrelevant to the subject.

Mr. Muir (Cape Breton-The Sydneys): I am very sorry, Mr. Speaker. When you get this type of interjection it does carry you away to other subjects. You will excuse me for that, sir. I apologize. In any event, Mr. Speaker, I agree with the hon. member for Hamilton-Wentworth that no one wants violence: I repeat that—definitely not. No one wants trouble. It is unfortunate that these things occur; but you do have elements, as I mentioned, within unions, within every type of organization, which do not know how to conduct themselves.

Some hon. Members: Agreed.

Mr. Muir (Cape Breton-The Sydneys): I think I would agree with that, but you cannot blame all the members of a union, no matter what union it is. I remember reading an article regarding an organization of clergymen, and in fact the clergymen almost came to blows. Another cool-headed clergyman had to separate them. So even the clergymen lose their tempers at times. Even some clergy very close to us lose their tempers at times. I am sure, Mr. Speaker, since we hear so much about this participatory democracy, this just society, this great society which throws the amputees who fought in the last war on the streets, out of their jobs—

Mr. Gibson: On a question of privilege, Mr. Speaker, I suggest that to infer that the government is throwing veterans out of jobs is a great injustice to the greatest veterans' program ever carried out by any government in history.

Some hon. Members: Hear, hear.

Mr. Muir (Cape Breton-The Sydneys): Mr. Speaker, I wish the hon. member for Hamilton-Wentworth would indicate his question of privilege, because I don't know what it is. As far as I know, what I was saying did not concern him. Of course, maybe he, like myself, never served in the army.

Mr. Gibson: On a question of personal privilege, Mr. Speaker, I did serve overseas during the war and I was wounded in Normandy. I was going to refer to something the hon. member said earlier about not having served on a picket line. I regret I did not have an opportunity to do that, but when I left school I went right in to the army. I was wounded in Normandy, and when I left the army I went right back to school.

Some hon. Members: Hear, hear.

Mr. Muir (Cape Breton-The Sydneys): I am glad to hear the report of the hon. member for Hamilton-Wentworth. I respect him for it, and he should be well respected for defending his country. But if he were in the same position as those poor men who lost their legs and arms, he should not be thrown out of a job any more than anyone else.

Mr. Gibson: You raised that issue in this debate.

Mr. Muir (Cape Breton-The Sydneys): Very definitely I raised it, and I went on to point out that I never served in the Armed Forces because I lived in the hospital for many,

many months, not as the result of a picket-line problem but as the result of being very badly smashed up in the coal mines. I could not serve, no matter how big I may look. I compliment the hon. member for Hamilton-Wentworth. He did his part. Now we are away from that subject and I will get back to the bill before us.

The point is that notwithstanding the hon. member's fine quotations and the points he made—very weakly, I might say—the hon. member for Oshawa-Whitby (Mr. Broadbent) has a very good amendment. There is nothing wrong with it. I think if the hon. member for Hamilton-Wentworth would think a little more about it, he would realize there is not really anything wrong with it, because the people about whom he talks, who resort to violence, will be dealt with as they are dealt with now. That is definite. No one should be allowed to set fire to property, to damage property, to set fire to anything, no matter whether it be in picketing or in a mass demonstration of any type. I am sure the hon. member will agree with that.

In any event, just so we will not talk this bill out it might be a good idea to vote on it now. Mr. Speaker, what is the hon. member for Hamilton-Wentworth rising for? May I know that before I yield the floor to him?

The Acting Speaker (Mr. Béchard): The hon. member for Hamilton-Wentworth (Mr. Gibson) wants to ask a question of the hon. member.

Mr. Gibson: I have heard it suggested that increased picketing would not endanger the situation, and that if there is violence the court can order that there be no more picketing. But is that not a little late when somebody's car has been upturned, when somebody has been beaten up, when somebody's leg has been broken and windows have been smashed in a few houses? Is that not too late to get a court order? Is there not some alternative way in which the law could act to alleviate the damage now caused? I throw this out to the hon. member to comment on its merits.

Mr. Muir (Cape Breton-The Sydneys): The hon. member has thrown it to me. I was never a very good baseball player, but I have caught it. He is putting the same connotation on all members of a union no matter who they are. Some of the finest, upstanding citizens of this country are involved in unions. They are not only involved in the church, or in the law society. You will find harum-scarums in those organizations, just as you do in unions.

An hon. Member: Especially from around Renfrew.

Mr. Muir (Cape Breton-The Sydneys): Very much so. So I answer the hon. member by saying he is making a blanket criticism of all members of all unions, and I say God help society in this country and in other countries if we did not have unions. Next thing we know the hon. member will be saying he is against unions, that men should not be allowed to organize in order to fight for their rights and to negotiate for them.

I think the hon. member is wrong in thinking these are the only members of society who engage in violence or condone it. That is not right. He is committing a grave injustice when he speaks for the Liberal party and says that. He speaks for the Liberal party, as he did a moment ago.

Mr. Gibson: You have not answered the problem with respect to the man with the overturned car or the broken window. You did not answer that.

Mr. Muir (Cape Breton-The Sydneys): I will answer it, but up to now I have never been charged with overturning cars or breaking anyone's arm. But the law is there, and the hon. member being a lawyer, he knows much better than I, what the law provides for people who engage in violence.

• (4:40 p.m.)

He says it would be too late. Has there not been violence in other demonstrations? Has there not been violence in other groups that mass together? How can you single out the members of a union from a group which gathers in Montreal, Toronto of Vancouver—even Cape Breton—or anywhere else? We had an incident in Cape Breton a few days ago when, regrettably, a few hotheads acted in a manner which was not right. I do not condone that sort of conduct for one minute. I do not think that is the way to do business. However, I still think there is a place for demonstration and for dissent. I am sure the hon. member will agree with me if he endorses participatory democracy, the just society and equality of opportunity. I hope that the unions in his area will take particular note of what he has said. Maybe they will have a little get-together with him and express their viewpoint. Possibly they will enlighten him.

This bill should now go to a vote, Mr. Speaker.

Some hon. Members: Question.

[*Translation*]

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, I am pleased to express my opinion on the bill now before the House.

Bill C-16 is not new in this house. It seems to me that our friends of the New Democratic party should resort more often to that faculty we all have to various degrees, depending on our personality, which is known as imagination.

This bill was considered during the previous session and it seems to me that, quite frankly, it should have been introduced again under a different wording, instead of always using the same terms, without even changing its terminology.

The object of this bill, as previous speakers have said, is to permit peaceful picketing by any number for the purpose not only of communicating information but also of persuading other employees and people having business dealings with a struck company to support the cause of the picketers in the case, particularly, of a lawful strike.

It seems to me that, under our present legislation, whether at the provincial or the federal level, every Canadian can freely enjoy the privilege of engaging in a number of activities whenever there is picketing during a strike. As most members here, I am honestly doing my best to defend the rights of our Canadian workers. While I certainly intend, together with the other Liberal members, to go on doing whatever I can to improve their condition, I cannot help wondering why the sponsor of the bill wants to give the impression that he is their only true champion in the House. There is something rather biased in this approach.

An hon. Member: That is true.

Mr. LeBlanc (Rimouski): Earlier, the hon. member jumped on the opportunity to put forward some opinions which I think irrelevant to the subject. He even mentioned demonstrations in Biafra. I wonder in which way our behaviour toward Biafra could at all help the Canadian workers. He says demonstrations are non-violent, with a few rare exceptions. I am sure the majority of Canadians or, at least, all the members of the House, are against violent demonstrations.

Why should anybody come here to talk about great principles and suggest that some political party might be in favour of violent demonstrations? One of the primary principles of the Liberal party is the respect of true freedom.

In Canada, this country we love so much, most citizens prefer to live in peace. For many years, we have been in that an example to the world. Indeed, the Canadian people have shown they wish to live in peace among themselves and with the rest of the world.

As regards the communication of information to the public by the workers, the latter have at their disposal the same means as those made available to members of parliament and other citizens to supply information. We must strive to provide reporters and other persons involved in the information field, accurate information, while not forgetting peace, goodwill and the improvement of the social or economic level we are all striving for.

The sponsor of this bill even managed to talk about the war in Viet Nam. I know there are workers and private citizens in Viet Nam, whom we must protect and assist, but it seemed to me, as he made us fly over the seas to take us to Viet Nam, that he was wandering quite a bit from the problem concerning the Canadian workers. He resorted to insinuation methods of which I and many other Canadians do not approve.

• (4:50 p.m.)

Is it possible to find in Canada, with certain exceptions, a right-thinking person who would be for the war in Viet Nam?

These are what I call misrepresentations which do not serve the Canadian workers at all. Since we are talking about freedom, I think I am relevant in view of the fact that in Canada, as in most other countries, a group of workers exercise its right to freedom by going on strike. Here again, at every level, freedom is being misrepresented.

Everyone considers himself an expert philosopher, which allows him to give his own definition of freedom and I must humbly admit that I am no more an expert than the others in this field but I do believe that the principle of freedom must not be based on emotions, feelings or instinct in general, but on reason. This is why I think freedom cannot exist without order. This is an old saying often heard in our circles.

As I said before, I think that the Canadian workers enjoy the same rights as others, and we get more evidence of this all the time. I know that, especially in the province of Quebec, almost every day something happens

to prove that, as all the other classes of society in Canada, the workers take advantage of their right to picket lines and public demonstrations. In fact, we must recognize honestly that this right to hold public demonstrations is often abused and when a right is abused, in the name of individual or collective freedom, there is interference with the freedom of others.

This is why, in Canada, we fear massive picketings. I would not say that we oppose them, but we fear them because when they aim at protecting the freedom of one group, they can interfere with the freedom of others. And even if one speaks of the intelligence of labour leaders—I have friends among labour leaders, as most of us, by the way—many of them are very intelligent but in other respects, they are also human beings who have the right of association. But other interests can also be involved within their group, as those which the sponsor of this bill may have. Whether political or otherwise, those interests may sometimes conflict with those of the labourer or of the worker.

We have very intelligent leaders, but there are some who do not show any sense of responsibility but rather a sense of irresponsibility and use the means at their disposal, which are quite valid in principle, in order to intimidate the masses.

By appealing not to reason, rational understanding or common sense but rather to passions and instincts we interfere with freedom which we all want to enjoy.

Like the government and right-minded Canadian citizens did and continue to do we must unite in order to find the less irritating ways to solve the problems which are facing Canadian workers and all other Canadians.

I speak the truth when I say that some strikers, not to say many, have created quite a lot more problems than they have solved.

An hon. Member: Question.

Mr. LeBlanc (Rimouski): Mr. Speaker, I am dealing with the subject. I remember the words of the sponsor of this bill last year when he spoke of evasion and intimidation. Apparently, he was accusing the government by implying that it was resorting to tactics of intimidation and evasion with the Canadian people.

I think that the hon. member himself is using evasion and intimidation because, each year, he sponsors the same bill in order to be known as one of the great defenders of Canadian workers. I do not agree with that.

He spoke of non-violent persuasion, yet he introduces this bill by saying that we must make every effort to improve the system of picketing in Canada, whereas we probably enjoy the best system in the world.

According to him, to see several pickets is an impressive show. I know that it is always moving to see a group of human beings sincerely trying to solve their problems. It is for the same reason that it is impressive to work altogether in the House in order to settle the difficulties faced by workers and make the best suggestions possible to the government of Canada, of which we are proud, so that it will be as efficient as it can be.

To my way of thinking, the problems of the Canadian worker cannot be solved in 30 seconds or an hour. It is, however, possible to improve the picketing situation.

[*English*]

The Acting Speaker (Mr. Béchard): Order, please.

Mr. Robert Muir (Cape Breton-The Sydneys): On a point of order, Mr. Speaker. I have learned on good authority that the clocks are five minutes fast. Therefore, it is only five minutes to five and we have time to vote.

The Acting Speaker (Mr. Béchard): Order. The hour provided for the consideration of private members' business has now expired.

At five o'clock the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, December 15, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

PRIVILEGES AND ELECTIONS

REFERENCE OF SUBJECT MATTER OF CERTAIN BILLS TO STANDING COMMITTEE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, there have been discussions between representatives of the parties with reference to a number of private members' public bills which deal with the subject matter of the Canada Elections Act, and more particularly with some of the subjects now being discussed before the Standing Committee on Privileges and Elections. I think there might be general consent to an order being made in the following terms:

That the orders for second reading of Bills C-14, C-72, C-78, C-97, C-101 and C-120 be discharged and the subject matter thereof be referred to the Standing Committee on Privileges and Elections.

I am advised that the members responsible for those bills in each case have given their consent to the orders being discharged and the subject matter of the bills being transferred to the committee. As I say, I understand there might be agreement of the House generally to this procedure.

Mr. Speaker: Is it so agreed?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

Motion agreed to.

TRADE

ANNOUNCEMENT OF SALE OF WHEAT AND FLOUR TO RUSSIA

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, I wish to inform the House that the Canadian Wheat Board today announced the conclusion of a contract with V/O Exportkhleb, the official grain purchasing agency of the U.S.S.R., for the sale of 3,430,000 long tons of wheat and flour.

Some hon. Members: Hear, hear.

Mr. Lang: This quantity represents the remaining obligations of V/O Exportkhleb and the Canadian Wheat Board covered in the long term agreement entered in o in June 1966, after allowance for buyers' shipping tolerance provided for in that agreement.

The contract provides that two million long tons, including 260,000 long tons of flour for shipment to Cuba, will be shipped prior to December 31, 1970. The contract further provides that in complete fulfilment of the master agreement of June 14, 1966, V/O Exportkhleb will endeavour to buy the remaining quantity of about 1,430,000 long tons as soon as possible.

Some shipments will commence immediately and the majority of the wheat shipments will be completed prior to the end of the current crop year on July 31, 1970. The contract provides for shipment from all Canadian port areas, including the Pacific coast, Churchill, Lakehead, St. Lawrence and Atlantic ports. The grades will be mainly No. 3 Manitoba Northern and No. 4 Manitoba Northern.

The export dollar value of the two million tons of wheat and flour now programmed for shipment in 1970 will be over $130 million.

To clarify these figures, 3,430,000 long tons is equivalent to about 128 million bushels.

Hon. members will remember that a quantity of 135 million bushels has been commonly mentioned as representing the outstanding Russian commitment. There was, however, a sale of flour last April, not previously announced, equivalent to about eight million bushels, which accounts for the difference. The two million tons programmed for shipment commencing immediately is equivalent to about 75 million bushels. I congratulate the Wheat Board on the successful outcome of their negotiations. I want also to pay tribute to the Minister of Industry, Trade and Commerce for his tactful handling of the outstanding U.S.S.R. obligation over the past

year. His understanding approach has greatly facilitated the successful outcome of the current negotiations.

• (2:10 p.m.)

The delivery program for the first 75 million bushels ensures a good movement of wheat to west coast and eastern ports, including Halifax and Saint John, throughout the winter. In fact a number of vessels are presently proceeding to St. Lawrence ports and will be loading before the end of this month.

I wonder whether I might also take the opportunity of calling the attention of all hon. members to the presence in your gallery, Mr. Speaker, of the chief commissioner, the assistant chief commissioner and the chief salesman of the Canadian Wheat Board; Mr. McNamara, Mr. Vogel and Mr. Rowan.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, we always welcome news that we have sold some wheat. The Minister without Por folio (Mr. Lang) who speaks for the Wheat Board in the House indicated that this sale was something new, something different or something unheard of. He indicated that it was a surprise package. In fact, the deal which has been concluded was initiated in June of 1966. Let us not forget that by the time the last part of the deal made in 1966 has been consummated four and a half years will have passed. In any event half a loaf is better than none.

While the statement makes reference to the total amount the Russians are obligated to accept, it indicates that Russia will not accept delivery of part of the amount at any specific time but will do so at its own convenience. As the statement says, the remaining 1,430,000 long tons of grain will be accepted as soon as possible. There is no indication whether it will be accepted in 1970 or even in 1971.

Let us not forget that at this time delivery quotas are on a unit base. This is an unheard of situation in western Canada. The total of 75 million bushels to be taken at this time represents approximately 5 per cent of the total amount of grain on hand at the moment. By the time these deliveries are made and the shipments are made to Cuba we will have another crop on our hands. The 75 million bushels represent only a one bushel quota approximately. This is a far cry from what we will have to deliver if we are going to have a five or six bushel quota. Let us not think for a moment that we have had a windfall or that we should relax our efforts to sell grain.

[Mr. Lang.]

Our sales this year were 43 per cent lower than they were last year. Our grain sales the year before were at a ten-year low. We sold approximately 280 million bushels. We will have to improve this situation immensely. At the present time we have major agreements with China and Russia. From now on we will have to be content with small sale agreements with countries that normally do not take a great volume of grain.

While the statement indicates that all ports will be used for the shipment of the grain I cannot follow the reasoning behind the suggestion that the port at Churchill will participate in the shipments that are to commence immediately. The statement suggests that the majority of shipments will be completed prior to the end of the crop year on July 31, 1970. Everyone knows that the port of Churchill is now closed and will not be open before that time. To include Churchill in the ports to be used for shipments, as indicated by the statement, is stretching the point a bit far.

Even with the two major sales that have been announced to date our sales represent only a two bushel quota. We must make the maximum use of our rail facilities in order to move this grain. Our elevators are plugged at this time, but our terminal elevators have to some extent shipped grain to forward positions. We cannot relax our efforts in seeking out the new markets which will be necessary if we are to come even close to our ten year sales average.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, it is a sign of the times and an indication of the conditions prevailing in the wheat industry in western Canada when a significant sale like this one is awaited with such anticipation and questions have been asked repeatedly concerning whether the agreement would be brought to a satisfactory conclusion. The statement by the minister today tells us that so many long tons or so many bushels will be moved in the current and the next crop years and that the remainder will be subject to negotiations for purchase if possible.

The other significant factor which should be taken into account is that China and Russia now occupy very important positions as the largest purchasers of Canadian wheat. What will concern many western farmers is whether the trading policies of the government and their orientation will be such that we may expect to continue to sell, trade and deal with these two very important countries

and can look forward to an expanding trade. The Wheat Board has done a good job but it operates within the trading policies of the government and will only be as successful as these trading policies allow it to be.

It is not true that there is no longer a market for Canadian wheat. The truth is that the markets are in different places now from where they were 10 or 15 years ago. This sale will contribute substantially to our volume of sales. The total amount that will be reached this year is, of course, idle speculation.

Let us recall that the cash position of farmers on the prairies today is desperate. For the first time in my memory as a grain grower and farmer we have not established a one-bushel quota at any point prior to Christmas. Let us remember that farmers constitute a significant sector of the various industries in Canada and are selling at 1946 prices while they are attempting to cope with 1969 costs. In order to continue to do so the members of any commercial group in Canada would have to be economic magicians. The western farmers would have to be wizards to cope with 1946 prices and 1969 costs when throughout our economy other groups are continually getting increases in wages, salaries or profits.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we welcome the announcement just made by the minister responsible for the Canadian Wheat Board, in the sense that Canada will be able to deliver 128 million bushels of wheat to Russia, under the terms of an agreement arrived at in 1966.

We also recognize that the Minister of Industry, Trade and Commerce (Mr. Pepin) must have endeavoured to have that agreement honoured, and we hope that he will keep on working as strenuously in order to negotiate other wheat sales, not only with Russia, but with other countries in need of that staple which we produce in large quantities.

[*English*]

THE CANADIAN ECONOMY

INFLATION—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I ask the unanimous consent of the House to move a motion under Standing Order 43. I base my reasons for obtaining unanimous consent on the following facts:

The Canadian Economy

During November the consumer price index—the cost of living—rose by half of one per cent, which is an annual rate of increase of 6 per cent a year. This shows a very sharply accelerated rise during the past three months and clearly demonstrates that the government's approach to controlling inflation has proved to be ineffective.

• (2:20 p.m.)

What is particularly alarming is the government's refusal to adopt positive measures to bring prices down such as:

1. To introduce tax incentives to induce industry to instal the new plant, machinery and production systems necessary to increase productivity, and thereby lower costs and prices.

2. To require importers to pass on to consumers in their entirety the Kennedy round tariff reductions made effective in the last budget.

3. The Prime Minister to call a behind closed doors meeting of business and labour leaders to persuade them of the urgent need for keeping prices and wage demands within reasonable limits, and the very serious consequences which will accrue to the economy if this is not done.

I therefore ask for consent to move the following motion:

That this House, comprising the elected representatives of all of the people of Canada, consider and recommend a more effective method of controlling and keeping within reasonable bounds the sharply accelerating increase in the cost of living.

Mr. Speaker: As hon. members know, under the terms of Standing Order 43 the motion proposed by the hon. member can only be considered if there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member will have recognized that there is no unanimity and therefore the motion cannot be put at this time.

Mr. Hees: On a point of order, I should like to point out that the reason the motion cannot be proceeded with now is that the members of the government have refused to give unanimous consent.

Mr. Speaker: I take the liberty to mention to the hon. member that this is not a point of order. I invite hon. members to read again Standing Order 43 which makes it possible

for hon. members to explain to the House the urgency of the matter, and I think that the comments made by hon. members in support of a motion under Standing Order 43 should be limited to this aspect of the matter.

[*Translation*]

CRIMINAL CODE

AMENDMENT RESPECTING ATTEMPTED SUICIDE

Mr. Marcel Prud'homme (Saint-Denis) moved for leave to introduce Bill C-173, to amend the Criminal Code (Attempted suicide).

Some hon. Members: Explain.

Mr. Prud'homme: Mr. Speaker, the purpose of this deeply humanitarian bill is to make it so that attempted suicide will no longer be considered an offence under the Criminal Code but will be relegated, as it should be, to the field of medicine.

Section 213 of the Criminal Code now reads as follows:

Every one who attempts to commit suicide is guilty of an offence punishable on summary conviction.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

HOUSING—CONTROL OF PROJECTS BY PROVINCES

Question No. 7—**Mr. Gilbert:**

1. Which provinces presently have complete control over the administration of housing projects that have been financed by the federal government?

2. Which provinces in discussions with the Government of Canada are presently considering similar arrangements?

3. When is it expected that these arrangements will be decided upon?

4. Is it expected that similar agreements with the provinces will be undertaken in the field of urban renewal projects?

Hon. Robert K. Andras (Minister without Portfolio): 1. Public housing projects financed under the federal-provincial partnership arrangements of Section 35A, NHA, are owned and administered jointly by the two levels of government.

The federal government does not participate in the actual administration of public housing projects, low rental housing projects and student housing projects financed under Sections 35D and E, Section 16 and Section 36B of the Act. These projects are administered in accordance with the requirements of the NHA by the owners.

2. The arrangements with provinces may vary within the terms of the NHA to suit local requirements.

3. See answers to 1. and 2. above.

4. The urban renewal policy, including the administrative arrangements, is currently under review.

PRICES AND INCOMES COMMISSION

Question No. 52—**Mrs. MacInnis:**

1. Who are the members of the Prices and Incomes Commission and what are their respective annual salaries?

2. Who are the research and administrative staff of the Prices and Incomes Commission, and what are their respective annual salaries?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I have been informed by the Chairman of the Prices and Incomes Commission as follows: 1. J. H. Young is receiving remuneration within the range of a DM 3 ($37,000-$40,000). P. Gérin-Jajoie is receiving remuneration within the range of a DM 3 ($37,000-$40,000). G. E. Freeman is receiving remuneration within the range of a DM 1 ($28,000-$33,000). G. V. Haythorne is receiving remuneration within the range of a DM 1 ($28,000-$33,000).

2. J. Anderson, $6,720; G. A. Berger, $23,920; D. Brazier, $16,944; H. Bubeck, $13,000; J. Cragg, $26,500; W. Dymond, $11,976; J. Hague, $11,300; T. Houston, $10,800; J.-G. Lavigne, $10,857; J. Orr, $6,504; and L. Reed, $20,750.

TASK FORCE ON YOUTH

Question No. 60—**Mr. Nystrom:**

Has the government appointed a Task Force on Youth and, if so, (a) what are its terms of reference (b) what is its budget (c) who are its members (d) will a report be published?

Hon. Gérard Pelletier (Secretary of State): No. The Secretary of State is co-ordinating a study of programs serving youth at present being undertaken by the government, and the role of governmental activity in this area considering the attitudes of youth.

REFUNDING AND ADVERTISING COST, CANADA SAVINGS BONDS

Question No. 67—**Mr. Saltsman:**

For the fiscal years 1960-61, 1962-63, 1963-64, 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, 1970-71 (estimated), what has been the refunding and advertising cost to the federal treasury on Canada Savings Bonds?

Hon. E. J. Benson (Minister of Finance): With regard to the cost of refunding, it is not possible to establish accurately the extent to which outstanding issues of Canada Savings Bonds have been directly converted into new issues.

The table below indicates, for each issue of Canada Savings Bonds, Series 1960 through 1968-69, Gross Sales, Total Costs of Flotation (including sales commissions, issuing and redemption fees, printing, distribution, administration and advertising costs), and a breakout of Advertising Expenditures.

Inasmuch as total costs of flotation vary with the level of gross sales, it is not possible to provide at this time an estimate for the 1969-70 Series of Canada Savings Bonds currently on sale. The authorized advertising budget for the current series is $1,620,000.

Series	Gross Sales ($000)	Total Costs of Flotation ($000)	Total Costs of Flotation As a % of Gross Sales	of which Advertising Expenditures ($000)	of which Advertising Expenditures As a % of Gross Sales
1960	$ 961,049	$ 9,563	1.00%	$ 566	0.059%
1961	1,100,284	12,328	1.12	820	0.074
1962	1,797,419	18,368	1.02	882	0.049
1963	1,245,322	12,815	1.03	924	0.074
1964	1,150,171	11,885	1.03	952	0.082
1965	968,551	10,049	1.04	955	0.098
Centennial	2,421,651	25,023	1.03	1,251	0.052
1967/68	1,526,305	16,194	1.06	1,442	0.094
Special Replacement	851,455	7,715	0.91	414	0.049
1968/69	3,366,762	34,946*	1.04*	1,582*	0.047

*Preliminary

CANADIAN FILM DEVELOPMENT CORPORATION EXPENDITURES

Question No. 83—**Mr. Rose:**

1. For the 1967, 1968 and 1969 fiscal years, what have been the expenditures of the Canadian Film Development Corporation?

2. What specific financial grants have been given to various individuals and groups for the production of films?

3. What specific criteria are used for the Corporation's financial grants?

4. How much was awarded to Mr. John Bassett's Agincourt Productions for the film 'Flick' and for what reasons?

5. Did the Corporation believe that there was insufficient private financial backing for the film 'Flick'?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Film Development Corporation as follows: 1. 1967—nil. 1968-69, Expenditures $203,404; April 1 to September 30, 1969, $105,746.

2. Under Section 10(1); Subsection (c) (primes de Qualité, 1967)—Allan King Associates Canada Ltd., for "Warrendale", $14,450; Arthur Lamothe for "Poussière sur la ville, $7,500; Camil Adam for "Manette", $4,100; Coopération et Michel Brault for "Entre la Mer et l'eau douce", $10,900; Les Films J. P. Lefebvre for "Il ne faut mourir pour ça", $14,450; Les Films J. P. Lefebvre for "Patricia et Jean Baptiste", $13,000; Markent Productions Ltd. (Larry Kent) for "High", $9,600; Onyx Films Inc. et Gilles Carle for "Le viol d'une jeune fille douce", $13,700; Quest Film Productions Ltd. for "Isabel", $12,300; Total, $100,000.

Subsection (d) (Grants, 1969)—Jacques Chenail, $19,000; Don Shebib, $19,000; Al Sens, $17,000; Michael Snow, $15,000; Peter Rowe, $15,000; Sylvia Spring, $15,000; John Hofsess, 5,000; Tom Shandel, $5,000; André Forcier, $3,000; Russel Heise, $3,000; Dan Goldberg,

$2,500; Patrice Massenet, $2,500; Michael Hirsh, $2,000; Robert Zend, $2,000; Total: $125,000.

3. Grants and awards under Section 10(1) (c) and (d) of the CFDC Act were made on the basis of selection by independent juries representative of the film industry and other knowledgeable persons.

4. No award was given to Mr. John Bassett's Agincourt Productions for the film "Flick". The Corporation invested in this film under Section 10(1)(a) of its Act. The proposed film met the Corporation's criteria of significant creative, artistic, and technical Canadian content. The Corporation's investment represents approximately 50 per cent of the proposed production costs.

5. The Corporation does not disclose financial details of the film productions in which it invests or towards which the Corporation makes loans.

PROVISIONAL DIRECTORS OF TELESAT CANADA

Question No. 120—**Mr. Orlikow:**

1. Who are the recently appointed six provisional directors of Telesat Canada?

2. What was the criteria used in their appointment?

3. When is it expected that the company will have its first general meeting to elect regular directors?

4. What are the financial holdings of each of the six provisional directors of Telesat Canada?

5. What are all of the specific communication companies associated with each of the provisional directors?

6. What financial compensation is being awarded to the provisional directors of Telesat Canada?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Mr. David Golden was appointed a provisional director and President of Telesat Canada effective September 1, 1969 under Order-in-Council PC 1969-1566 August 6, 1969. Dr. J. H. Chapman, Messrs. L. Picard, Z. H. Krupski, A. G. Archibald, R. D. Southern and A. Ouimet were appointed provisional directors under Order-in-Council PC 1969-1757 September 11, 1969.

2. Criteria according to sections 3, 4 and 12 (2) of the Telesat Canada Act.

3. The government is unaware of any definite date as this matter falls within the powers of the board of directors as set out in Section 17 (a) of the Telesat Canada Act.

4. No requirements are laid down by the Telesat Canada Act with respect of the financial holdings of the provisional directors, other than the president, and those directors to be elected by the holders of common shares of the company who will be persons fulfilling the statutory conditions, and the government has no knowledge of the financial holdings of any of the provisional Directors, other than the president. In accordance with section 16 (1) of the Telesat Canada Act the president has stated that he does not hold shares of any approved telecommunications common carriers as specified in "Schedule A" of the Telesat Canada Act.

5. Mr. Z. H. Krupski, President, Trans Canada Telephone Systems. Mr. A. G. Archibald, President and Chairman of the Board, Maritime Telegraph and Telephone Co. Ltd. Not applicable to other directors.

6. Telesat Canada is not required to disclose this information as it is a matter within the powers of the board of directors as set out in Section 17 (d) of the Telesat Canada Act.

RE-ESTABLISHMENT OF WINTER WORKS PROGRAM

Question No. 125—**Mr. Rose:**

Is the Government of Canada giving favourable consideration to re-establishing the federal winter works program on a broader basis with power to apply in particular regions or particular industries and, if not, what special programs is the Government of Canada considering this winter in order to combat increasing unemployment in Canada?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): There is no plan to re-introduce the Municipal Winter Works Incentive Program. It is believed that the Occupational Training for Adults Program is a far more effective and productive measure to counter seasonal unemployment in both the short and long term. The training program is scheduled to provide maximum impact in those seasons and areas in Canada in which unemployment is heaviest. The qualifications of workers are upgraded so that they may obtain employment which is less subject to seasonal fluctuations as well as to enhance their earning capacities. In the current fiscal year, the federal government plans to spend $250 million to provide training or retraining for adult workers. This is a substantial increase over the $190 million spent during the last fiscal year. In addition a total of $80 million will be paid to the provinces under the Capital Grants Program, for the construction and equipping of vocational training institutions. A further $6 million has been allocated for the various kinds

of mobility grants which are used to help workers. This is a 41 per cent increase over the $4¼ million spent during the last fiscal year. In addition, over 300 Canada Manpower Centres, which have extended and improved their services, will be available to assist unemployed workers.

PURCHASE RESEARCH BRANCH STUDIES

Question No. 128—**Mr. Barnett:**

1. For the fiscal years 1968-69 and 1969-70, what specific research studies have been undertaken by the Purchase Research Branch of the Department of Defence Production?

2. Who are the individuals involved in these studies and when is it anticipated that these studies will be completed?

Hon. James Richardson (Minister of Supply and Services): 1. The purchase Research Branch of Department of Supply and Services has contributed to a number of research studies undertaken by the staff of the department. Such studies are directed to meet the internal needs of the department and the government. They are inter-dependent and not identified as individual projects. Examples include development of a purchase quality control system, development of consolidated purchasing by the use of standing offers and development of improved purchasing methods by commodity groups, e.g., automobiles, stationery.

2. Research studies involve other members of the staff of the Department of Supply and Services as well as those of the Purchase Research Branch. It would not be meaningful, therefore, to name those associated with purchase research studies in the department.

CBC—REDUCTION OF PROGRAM VIOLENCE

Question No. 151—**Mr. Mather:** (Corrected)

1. Is the CBC giving favourable consideration to reducing the number of T.V. programs containing violence?

2. Is the CBC giving favourable consideration to the elimination of violence from children's cartoon T.V. programs?

3. Is the CBC giving favourable consideration to the scheduling after 9 p.m. of all T.V. crime programs and western and adventure stories which contain violence?

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows:—The reply to part 2 of Question No. 151 (Mr. Mather) which appears on page 1408 of *Hansard,* December 1, 1969, was incorrect in that it stated in error that one children's TV series would be discontinued as soon as its present contract expires. In fact, no program is slated to be discontinued for failing to meet CBC standards regarding violence in programming. The Corporation apologizes for any inconvenience the original reply may have caused the honourable member and the House.

Revised Reply

1. The CBC does not consider that it has in the past scheduled an excessive amount of violent programming. The Corporation has, on the whole, successfully applied a policy of restraint in this area of its programming and will continue to do so.

2. The Corporation is satisfied that its programs for children meet the standards outlined in reply to Question No. 150, Part 1.

3. Each program must be judged on its own merits and it is difficult to generalize in terms of broad program categories. However, the Corporation will continue to minimize the exposure of programs which could be construed as violent, in keeping with CBC policy as outlined in reply to Question No. 150, Part 1.

CONDITIONS AFFECTING GOVERNMENT BOND ISSUES

Question No. 159—**Mr. Saltsman:**

When the government is about to put a bond issue on the market or when a bond issue is on the market, is it the policy of the Bank of Canada or has it ever been the policy of the Bank to operate on credit conditions to affect the market for the particular bond issue?

Hon. E. J. Benson (Minister of Finance): When the government is about to put out a new issue of its securities it is particularly desirable from the point of view of both debt management and monetary policy to avoid artificiality in bond prices and interest rates and the Bank of Canada does not operate on credit conditions to affect the market for the particular bond issue. In the after-market, the Bank may enter the market to facilitate distribution of a new issue by evening out temporary distortions, but such action would not alter the main thrust of monetary policy and its impact on credit conditions at that time.

QUEBEC NORTH SHORE AND LABRADOR RAILWAY—TAX STATUS

Question No. 215—**Mr. Orlikow:**

1. Did the Government of Canada make representations to the United States Government about the tax or legal status of the Quebec North Shore and Labrador Railway, a wholly owned subsidiary of the Iron Ore Company of Canada?

2. If so, which department was involved and what were the reasons and the nature of the representations?

Questions

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1 and 2. In 1966 the then Minister of Finance and the Canadian Ambassador to Washington pointed out to the U.S. government that the Quebec North Shore and Labrador Railway Company had had to be incorporated in Canada—a fact that was relevant to the U.S. income tax position of the company's parent, the Iron Ore Company of Canada. (The Iron Ore Company of Canada is incorporated and resident in the United States, but carries on business in Canada.) It was explained to the U.S. authorities, as only the government of Canada was in a position to do effectively, that although there was no specific requirement in Canadian law that the Quebec North Shore and Labrador Railway Company be a Canadian corporation, the long-established and consistent policy and practice of the Canadian Parliament as it affects the incorporation and operation of railways made it necessary that this company be incorporated in Canada if it was to obtain authority to construct or operate a railway in Canada that crossed the boundary of two provinces.

TELESAT—FINANCING AND LAUNCHING DATE

Question No. 222—**Mr. Orlikow:**

1. Has there been a change in the government's plans regarding the launching of a Canadian communications satellite late in 1971 and, if so, is the delay due to a firm decision on how to finance the satellite project between the federal government, the communications common carriers and the private investor?

2. Will the Government of Canada reconsider and transform Telesat into a Crown corporation?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. The decision on launching date is the prerogative of Telesat Canada Corporation, an independant company; the corporation has not yet informed the Minister of its proposed launching date.

2. This action is not envisaged by the Department of Communications.

CBC—PRODUCTION COSTS OF "BEVERLY HILLBILLIES" AND "DON MESSER SHOW"

Question No. 231—**Mr. Peters:**

1. What is the reasoning behind the CBC decision to schedule the American program "Beverly Hillbillies" six times each week?

2. What is the weekly cost in producing this program for six times each week?

3. What would be the estimated cost in producing the Don Messer show six times each week?

[Mr. Orlikow.]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The reason for scheduling "The Beverly Hillbillies" in the same time period on consecutive weekdays was to develop a successful lead-in for the early evening programming block and thus increase revenue potential in terms of network and local advertising. Also, by purchasing the series in quantity and scheduling it in this way, the over-all package price was reduced.

2. and 3. It has not been customary to require the CBC to disclose specific program costs since such details would affect the Corporation's competitive position. However, "The Beverly Hillbillies" was procured for much less than it would cost the CBC to produce the Don Messer show.

LABOUR CONDITIONS—WINTER WORKS PROGRAM

Question No. 240—**Mr. Broadbent:**

1. What action has the government taken on the recommendations by the Canadian Labour Congress that the winter works program be revised?

2. Is the government studying alternative measures to reduce seasonal unemployment in Canada this winter and, if so, what are these measures?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): 1 and 2. See answer to question No. 125 answered this day.

CYSTIC FIBROSIS

Question No. 284—**Mr. McCleave:**

1. How much money does the federal government put into research in cystic fibrosis?

2. How much, by province, is made available for help to victims of cystic fibrosis and what is the formula?

Hon. John C. Munro (Minister of National Health and Welfare): 1. (a) National Health and Welfare—Nil. (b) In so far as the Medical Research Council is concerned, research grants for the studies on cystic fibrouses amounted to $60,700 for the fiscal year 1969-70.

2. The Department of National Health and Welfare, under its Health Grants Program, makes federal funds available to the provinces, on the basis of project submissions, to assist in cystic fibrosis treatment programs.

For the fiscal years 1968-69 and 1969-70 (to date) the following funds have been provided:

Province	Federal Assistance 1968-69	1969-70 to date
Quebec	$192,560	—
Ontario	25,279	—
Saskatchewan	32,883	—
Alberta	10,000	$10,000
Total	$260,722	$10,000

SUPPLY AND SERVICES—PROJECT TENDERS, CONTRACT AWARDS

Question No. 295—**Mr. Knowles (Winnipeg North Centre):**

1. Would the Minister of Supply and Services give consideration to publishing the complete list of tenders for each project in his monthly announcement of major contract awards?

2. Would the Minister also give consideration to publishing the cumulative amount of contract awards for each company awarded another contract?

Hon. James Richardson (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned: 1. The announcement of major contract awards is issued to inform the general public about the contracting activities of the department. When interested parties require additional information on specific contracts, it may be obtained from the Secretary, Canadian Government Purchasing Service. It is felt then there is not sufficient general interest in the complete details of each tender to justify the administrative cost of preparing, publishing and distributing such a list.

2. The department does not keep statistics in such a form that the cumulative totals of the value of contracts placed with each of the department's suppliers (approximately 50,000) can be readily obtained. When automation of the department's records is completed such information can be provided.

UNITED KINGDOM IMMIGRANTS

Question No. 339—**Mr. Stewart (Cochrane):**

1. How many people have immigrated to Canada from the United Kingdom since the new Canadian Citizenship Act was adopted?

2. Of these how many have taken out Canadian citizenship?

3. How many of those who do not yet possess Canadian Citizenship have made application for it?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): 1. 814,048.

2. This information is not available because Citizenship Registration Branch records do not indicate the country of origin for British Subjects who have acquired Canadian Citizenship.

3. No record is available because the number of citizenship certificates granted to British Subjects is not recorded until after the certificate is granted.

FINANCIAL CONTRIBUTIONS TO RELIEVE SUFFERING IN BIAFRA

Question No. 357—**Mr. Knowles (Winnipeg North Centre):**

1. How much money has the Canadian government contributed toward the relief of suffering in Biafra (a) from the beginning of the Nigeria-Biafra conflict until December 31, 1968 (b) during 1969?

2. What forms have these contributions taken, to what agencies have they been made, and for what purposes?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. (a) Contributions until 31 December, 1968, total $974,628.26, composed of the following: (i) To Biafra through Santa Isabel November, 1968, $312,218.80; (ii) To Nigeria for Refugees: August, 1968, $63,720.00; November, 1968, $538,699.46; Total, $602,419.46. (iii) By cash to International Committee of the Red Cross, $60,000. (b) Contributions during 1969 total $1,719,103, composed of the following. (i) To Biafra through Santa Isabel, $752,201.55; (ii) To Nigeria for Refugees, $926,901.45; (iii) By cash to I.C.R.C. $40,000.

2. Contributions to December 31, 1968: (i) To Biafra direct through Santa Isabel, 1262 metric tons dried fish; (ii) to Nigeria for Refugees, 4 metric tons medicaments and 1267 metric tons dried fish; (iii) $60,000 cash contribution to International Committee of the Red Cross for use in the Nigeria/Biafra areas for refugees. (No breakdown of actual use available.) 1969 Contributions: (i) To Biafra direct through Santa Isabel, 927 metric tons dried fish and 40 metric tons potato granules; (ii) To Nigeria for Refugees, 1183 metric tons dried fish and 600 metric tons potato granules; (iii) $40,000 cash contribution to International Committee of the Red Cross for use in the Nigeria/Biafra areas for refugees. (No breakdown of actual use available).

SALE OF AIRCRAFT TO BRAZIL

Question No. 389—**Mr. Saltsman:**

1. Was the sale of 24 Canadian aircraft by de Havilland to the Government of Brazil given official approval by the Department of External Affairs or some other government department?

2. Do such sales by private industry within Canada which might have military implications have to be approved by the Government of Canada and, if so (a) was there any discussion on an informal or formal level as to the use to which these planes would be put (b) would such discussions be a part of Canadian policy in the case of such sales?

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3. What information does the Canadian Government have about the extermination of Indians on valuable lands in Brazil?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Industry, Trade and Commerce and External Affairs as follows: 1. Yes.

2. Yes (a) and (b) Yes.

3. According to information available to the Department of External Affairs, the attacks against Indians in Brazil, which were widely reported in the world press in 1968 and 1969, took place on the initiative of Brazilian landowners with the compliance of certain officials of the Indian Protection Service of the Brazilian Government. This state of Affairs was discovered and made public by the Brazilian Government in March 1968 and the responsible officials of the Indian Protective Service were brought to trial. The Protection Service itself was dissolved. At no time have their been any allegations that the Brazilian Air Force was in any way involved in these attacks.

PUBLICITY AND ADVERTISING, PRICES AND INCOMES COMMISSION

Question No. 393—**Mrs. MacInnis:**

How much money has been allotted to the Prices and Incomes Commission for publicity and advertising purposes?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): I have been informed by the Chairman of the Prices and Incomes Commission as follows: On November 18, 1969 Supplementary Estimates (A) for the fiscal year ending March 31, 1970 were tabled in the House of Commons. These estimates include an amount of $626,000 for the Prices and Incomes Commission. Included in this figures is an amount of $38,000 for object of expenditure 3—Information.

CANADA PENSION PLAN CONTRIBUTIONS AND PAYMENTS

Question No. 409—**Mr. Robinson:**

1. Are Canadians who will never be able to obtain benefits under the Canada Pension Plan required to contribute and, if so, for what reason?

2. Will the Canada Pension Plan be broadened to include Canadians other than those who contribute such as those permanently disabled, widowed or orphaned?

3. Is it the government's intention that Canada Pension Plan payments will be paid to recipients according to need or according to contribution made?

[Mr. Saltsman.]

Hon. John C. Munro (Minister of National Health and Welfare): 1. Virtually all employees and self-employed persons, except in the province of Quebec, are required to make contributions to the Canada Pension Plan. There will, of course, be a number of persons now contributing to the Plan who will not live to obtain a retirement pension. However, a lump sum death benefit will be payable in almost every case upon the death of those who do not live to receive a retirement pension, as well as upon the death of those who do, and survivors' benefits will be payable in almost every case where there are qualified survivors.

2. When it was introduced, the Canada Pension was not designed to cover persons who were permanently disabled, widowed or orphaned unless such persons were contributors to the Plan or survivors of contributors. Any change in this aspect of the program will be announced by the Government in the usual manner.

3. This is a matter of Government policy and any change in this area will be announced by the Government in the usual manner.

CANADA PENSION PLAN PAYMENTS TO ALL CANADIANS

Question No. 410—**Mr. Robinson:**

Will the federal government consider if it would be actuarily sound on the basis of present contribution to pay Canada Pension Plan payments to all Canadians 65 years of age or over?

Hon. John C. Munro (Minister of National Health and Welfare): The Canada Pension Plan was not designed to pay benefits to all Canadians who were age 65 and over at the time the Plan began. Rather, it was designed as a contributory social insurance program under which retirement benefits, disability benefits and survivors benefits would be payable to contributors who retired or became disabled and to certain of their dependents and survivors. Any changes would be a matter of government policy and would be announced in the usual manner.

BANK OF CANADA EMPLOYEES

Question No. 419—**Mr. Fortin:**

1. How many persons employed in the Bank of Canada earn $17,000 or more?

2. Of that number, how many are there whose mother tongue is (a) French (b) English (c) other?

3. How many are bilingual?

4. How many persons are there on the Board of Directors of the Bank of Canada and, of that number, how many are bilingual?

5. (a) Who are the auditors for the Bank of Canada (b) who appointed them (c) how much are they paid?

Hon. E. J. Benson (Minister of Finance): 1, 2 and 3. It has not been the practice nor is it considered appropriate to answer questions regarding the internal administration of the Bank of Canada.

4. In addition to the Governor, Deputy Governor and the Deputy Minister of Finance there are twelve directors appointed to the Board of Directors by the Minister of Finance with the approval of the Governor in Council. There are two of these directors whose mother tongue is French.

5. (a) Jacques René de Cotret, C.A., of René de Cotret, Ostiguy, St-Arnaud, Beauchemin & Cie. T. Clark Kinnear, F.C.A. of Price Waterhouse & Co., (b) The Governor in Council on the recommendation of the Minister of Finance. (c) $50,000 each.

AMOUNT PAID FINANCIAL INSTITUTIONS FOR CASHING COUPONS

Question No. 426—**Mr. Hales:**

1. What was the total amount of money paid by the federal government to each of the chartered banks, trust companies or credit unions of Canada for the past fiscal year for (a) cashing coupons (ownership certificates) from government bonds or securities and, what department pays this charge (b) cashing or redeeming Canada Savings Bonds, and what department pays this charge (c) all other servicing charges (d) cashing or redeeming the 1968 series of Canada Savings Bonds?

2. Will the federal government request free servicing for above services similar to the cashing of government cheques at par?

Hon. E. J. Benson (Minister of Finance): 1. (a) Payments are made semi-annually in arrears to cover the cost of cashing coupons from Government bonds. The amount paid during fiscal 1968-69 was $731,283.10. Payments are made by Department of Finance. (b) Payments are made quarterly in arrears to cover the cost of redeeming Canada Savings Bonds. The amount paid during fiscal 1968-69 was $2,182,052.37. Payments are made by Department of Finance. (c) No other servicing charges were paid in respect of Government of Canada securities during fiscal 1968-69. (d) Of the amounts paid to cover the cost of redeeming Canada Savings Bonds (see answer to (b) above) in fiscal 1968-69, $83,424.31 was paid in respect of the 1968-69 Series and $30,954.16 in respect of the Special Replacement Series dated May 1, 1968.

2. No.

INLAND TERMINAL ELEVATORS, MOOSE JAW AND LETHBRIDGE

Question No. 427—**Mr. Skoberg:**

1. Have the United Grain Growers purchased the federal government inland terminal elevator at Moose Jaw, Saskatchewan.

2. Is the government contemplating the sale of the inland terminal elevator at Lethbridge, Alberta?

Hon. H. A. Olson (Minister of Agriculture): 1. No.

2. This is a matter of government policy which would be announced in the usual way.

APPLICATION OF CANADA TEMPERANCE ACT

Question No. 433—**Mr. Fortin:**

1. In which areas does the Canada Temperance Act (R.S.C. 1952, c. 30) apply?

2. Is it intended that this Act be repealed?

Hon. Gérard Pelletier (Secretary of State): 1. The Canada Temperance Act is not in force in any area in Canada.

2. Consideration is not being given at the present time to repealing the Act.

BRUCE NUCLEAR GENERATING STATION

Question No. 442—**Mr. Harding:**

1. Was the Atomic Energy Control Board aware of (a) the original building plans of Ontario Hydro in connection with its proposed construction of the Bruce Nuclear Generating Station (b) the original building site chosen for construction of the plant?

2. When were the new regulations, which resulted in Ontario Hydro moving the site of the Bruce Nuclear Generating Station for safety reasons, issued by the Board?

3. What were the reasons for the new regulations being laid down?

4. How long had Ontario Hydro been working on the site prior to the close-down?

5. Had any warnings of impending changes in the regulations been transmitted to Ontario Hydro prior to the new regulations being laid down and, if so, when were these warnings transmitted to Ontario Hydro by the Board?

6. Has the move caused any change in the proposed completion date of the project?

7. What was the estimated expenditure by Ontario Hydro for the original site prior to the change in regulations?

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): 1. (a) The Atomic Energy Control Board was informed of a proposal for a 3,000 MWe nuclear power generating station in April, 1968, but at that time Douglas Point was not suggested as the site. The announcement that, subject to Board approval, Ontario Hydro proposed to construct this generating station at the Douglas Point site was made on

Questions

December 11, 1968. (b) At the time when Ontario Hydro formally applied to the AECB for permission to construct the Bruce Generating Station, on March 10, 1969, a site plan was provided, indicating the relative locations of the existing Douglas Point Generating Sation, the Bruce Generating Station, and the Bruce Heavy Water Plant.

2. No new regulations were issued by the Board. Following the announcement on December 11, 1968 of the intention to construct the Bruce Heavy Water Plant, AECL, the owner of the plant, was informed by the Board on December 24, 1968 of requirements to be fulfilled before operation of the plant would be authorized. In this letter, and in communications to Ontario Hydro as well as to AECL during the safety review of this plant, the Board expressed concern about the proximity of a large labour force engaged in construction of the Bruce Generating Station. It was pointed out that special precautions would be necessary to protect these workers against an accidental release of hydrogen sulphide gas from the heavy water plant. After considerable discussion, Ontario Hydro decided that it would move the site of the Bruce Generating Station and its associated construction camp farther away from the heavy water plant, in order to reduce the precautions required for the protection of the workers.

3. No new regulations were issued by the Board.

4. When Ontario Hydro applied to the Board for permission to construct the Bruce Generating Station at the Douglas Point site, it was stated that construction would not begin until 1970, and that only preliminary site clearing and foundation test boring would be carried out in 1969. In reply, the Board reminded Ontario Hydro that an extensive safety review would be required prior to the issuing of a construction permit. No construction permit has yet been issued by the Board, and only preliminary site clearing and test boring have been carried out by Ontario Hydro at the original site.

5. No new regulations were issued by the Board.

6. Ontario Hydro has stated in a press release that the move should not cause any change in the proposed completion of the project.

7. There was no change in regulations.

[Mr. Orange.]

CROWN CORPORATION FOR GRAIN ELEVATORS

Question No. 466—**Mr. Fortin:**

1. Is it the intention of the government to place all Canadian Government grain elevators under a Crown corporation?

2. What are the assets of that operation?

3. What has been the yield on invested capital for each of the past three years?

Hon. H. A. Olson (Minister of Agriculture): 1. This is a matter of government policy which would be announced in the usual way.

2. $13,760,682.

3. Fiscal year ending March 31, 1967: loss of $222,359. Fiscal year ending March 31, 1968: profit of $273,558. Fiscal year ending March 31, 1969: loss of $24,670.

DOGFISH CONTROL

Question No. 477—**Mr. Crouse:**

Is the government taking any action to reduce the number of dogfish on the West Coast and, if so, what type or control methods are proposed and what is the total amount allocated for this project?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): The reduction of predation by dogfish on the West Coast is a matter of serious concern for the Department. Several approaches to the problem are under consideration with a view of establishing a program with the highest possible degree of financial self-support by the participants in the catching and harvesting of the fishery resource as a whole. No funds are allocated as a government expenditure at this time.

FORESTRY LABORATORY, UNIVERSITY OF MANITOBA

Question No. 510—**Mr. Dinsdale:**

1. Is it the intention of the government to cut back the work of the Canadian Forestries Laboratory located on the University of Manitoba campus and, if so, what is the reason?

2. How many personnel are involved and, what has been the annual expenditure of funds on this project?

3. Was the decision reviewed by the Department of Regional Economic Development and, if so, what conclusions did it reach on the matter?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): 1. Yes. The Government decision to hold 1970-71 expenditures to 1969-70 dollar levels necessitates rather severe reductions in programs of the Canadian Forestry Service. Some of the staff reductions required can most logically be effected by consolidating the Forestry Service research program for

the three Prairie Provinces and the Northwest Territories in new laboratory facilities under construction in Edmonton, Alberta. It is proposed that a liaison office will be maintained in Manitoba, but the present Forest Research Laboratory on the University of Manitoba campus will be phased out.

2. The 1969-70 approved establishment at Winnipeg provides for 128 continuing employees and 20 man-years of casual employment. At October 31, 1969, the staff consisted of 123 continuing employees. Expenditures of $1,311,400 on operation and maintenance and capital equipment have been approved for 1969-70.

3. No.

ROYAL NAVAL SERVICE

Question No. 515—**Mr. Forrestall:**

Has the Department of National Defence ceased to count Royal Naval service time for members of the Canadian Armed Forces and, if so, on what date was such a decision made and for what reasons?

Hon. Léo Cadieux (Minister of National Defence): As a result of integration all former individual service regulations and orders have been reviewed and republished over the past five years. Certain previous entitlements to count service in Her Majesty's Forces have had to be amended. Insofar as Royal Navy service is concerned, current policy on some of the principle areas involved, is as follows: (i) Royal Navy Service (Regular) may be counted towards the award of the Canadian Forces Decoration (CD) as long as the recipient has spent the last five years service in a component of the Canadian Forces referred to in the National Defence Act as the regular forces or the reserve forces of Canada and no long service, good conduct, or efficiency medal has been awarded for the same service. (ii) There has been no change in the admissibility of certain types of service in the Royal Navy for pension purposes under the Canadian Forces Superannuation Act (CFSA). (iii) Personnel enrolled in the Canadian Forces after 1 February 1969 who have former service in the Royal Navy will no longer be entitled to count such service towards the granting of rehabilitation leave on release from the Canadian Forces. (iv) Royal Navy wartime service can be counted as qualification for leave travel points by Canadian Forces' personnel.

INCENTIVE GRANT, McCAIN FOODS LIMITED

Question No. 527—**Mr. Burton:**

1. Has the Department of Regional Economic Expansion, under the Regional Incentives Act, authorized or provided an incentive grant to McCain Foods Limited and, if so, what is the amount of the grant?

2. What is the total estimated capital cost of the project for which the grant was provided, and what is the nature of the project and its location?

3. Who are the directors and chief executive officers of McCain Foods Limited?

4. To what extent is McCain Foods Limited non-resident or foreign-owned or controlled?

5. What is the name and country of the known non-resident ownership in this company?

Mr. Martin P. O'Connell (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. An incentive has been offered, and accepted, at a rate of 25 percent of approved capital cost and 5,000 per job created.

2. (a) $4,100,000; (b) frozen french fried potatoes; (c) Grand Falls, N.B.

3. H. H. McCain, President; G. W. F. McCain, Vice-president and Secretary-Treasurer; R. R. McCain; A. H. McCain; J. H. Sutherland.

4. All shares are Canadian owned.

COMPETITIVE TENDERS, R. L. CRAIN CONTRACT

Question No. 528—**Mr. Skoberg:**

1. Was there a competitive tender for the five-year contract awarded by the Post Office Department to R. L. Crain Limited regarding the introduction of a new money order system and, if so, who were the other bidders and what were their respective bids?

2. What were the specific reasons if no competitive tendering was offered?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Yes. See statement following.

Note: Suppliers were invited to submit proposals both on a three and five year basis. They were also invited to include in their tender any concept, development and/or technology that was likely to ensure a better form set than detailed in our minimum specifications.

The suppliers bid combinations of form sets designated by number or letter as per attached.

2. Not applicable.

Questions

Prices Tendered for Supply of Money Order Form Sets
price per thousand (including Federal Sales Tax)

Three Year Contract	$
Rolph Clark Stone (3.25")	4.463
R. L. Crain—B—(3.25")	4.63
Rolph Clark Stone (3.25")	4.663
Canadian Bank Note Company	5.0176
R. L. Crain—D	5.69
R. L. Crain—C	5.70
R. L. Crain—A	5.93
R. L. Crain—A1	6.06
International Business Machines —13A—(3.25")	6.5184
International Business Machines —13A—(3.4")	6.7424
International Business Machines —1—(3.25")	6.7648
International Business Machines —1—(3.4")	6.9776
International Business Machines —8—(3.25")	7.1456
Moore Business Forms—2	7.29
International Business Machines —8—(3.4")	7.3696
Moore Business Forms—1	7.72
Moore Business Forms—4	8.00
Moore Business Forms—7	8.19
Moore Business Forms—6	8.37
Moore Business Forms—3	8.50
Moore Business Forms—9	8.75
Moore Business Forms—8	9.00
Moore Business Forms—5	9.51
Burroughes	10.3936
Ditto (Bell & Howell)	11.26
R. L. Crain—E	12.53

Five Year Contract	$
R. L. Crain—B	4.57
Rolph Clark Stone (3.25")	4.692
Canadian Bank Note Company	4.7936
Rolph Clark Stone (3.4")	4.878
R. L. Crain—D	5.62
R. L. Crain—C	5.63
R. L. Crain—A	5.87
R. L. Crain—A1	5.99
International Business Machines —13A—(3.25")	6.4736
International Business Machines —13A—(3.4")	6.6864
International Business Machines —1—(3.25")	6.7088
International Business Machines —1—(3.4")	6.9328
International Business Machines —8—(3.25")	7.0896
Moore Business Forms—2	7.20
International Business Machines —8—(3.4")	7.3136
Moore Business Forms—1	7.63
Moore Business Forms—4	7.91
Moore Business Forms—7	8.10
Moore Business Forms—6	8.28
Moore Business Forms—3	8.41
Moore Business Forms—9	8.66
Moore Business Forms—8	8.92
Moore Business Forms—5	9.42
Burroughes	10.3516
Ditto (Bell & Howell)	12.21
R. L. Crain—E	12.36

STATUES, R. B. BENNETT AND ARTHUR MEIGHEN

Question No. 533—**Mr. Macquarrie:**

1. Is it intended to erect statues of former Prime Ministers R. B. Bennett and Arthur Meighen and, if so, when?

2. Will the Maquettes of Elford, Cox and Marcel Braitstein, judged artistically worthy by an advisory committee in 1967 be the models for the statues?

3. Who was the sculptor for the statue of former Prime Minister Mackenzie King and what was the total cost of this statue?

Hon. Gérard Pelletier (Secretary of State): 1. A statue of the late Arthur Meighen is being sculpted by Mr. Marcel Braitstein, St-Hilaire, P.Q.; the date of installation has yet to be established. There are no immediate plans for the statue of the former Prime Minister, R. B. Bennett.

2. See Part 1.

3. The Mackenzie King statue, which was executed by Mr. Raoul Hunter, Quebec City, P.Q., entailed a total cost of $49,107.49.

CAR FERRY CONSTRUCTION, BORDEN-TORMENTINE SERVICE

Question No. 534—**Mr. Macquarrie:**

1. When were tenders called for construction of car-ferries for the Borden-Tormentine service?

2. From what firms were tenders received and what was the amount of each tender?

3. To what firms were contracts awarded?

4. When is it expected that the ships will be in service?

5. What is the capacity in passengers and automobiles of each ferry?

6. What shipbuilding firms in the Maritime Provinces are regarded as competent to build ships of the type referred to in Part 1 above?

Hon. James Richardson (Minister of Supply and Services): 1. Tenders issued July 31, 1969, closing September 30, 1969.

2. Tenders were received from the following firms:—

Firms	Tender Amount for Two Ships $
Port Weller Dry Docks Limited	10,206,200.
Canadian Shipbuilding and Engineering Limited, Collingwood, Ontario; Davie Shipbuilding Limited	10,479,840.
Marine Industries Limited	12,873,450.
Hawker-Siddeley Canada, Limited Halifax Shipyards Division	13,618,908.
Saint John Shipbuilding and Dry Dock Company, Limited	14,685,550.

3. Port Weller Dry Docks Limited awarded a contract for two (2) vessels.

4. The vessels are to be in service for the Summer of 1971.

5. The design capacity of each ferry is: 487 passengers, 150 automobiles.

6. Hawker-Siddeley Canada, Limited, Halifax Shipyards Division; Saint John Shipbuilding and Dry Dock Company Limited.

PILOT TRAINING EXPENDITURES

Question No. 538—**Mr. Forrestall:**

1. What amount of funds were spent in 1968 and up to the last figures available in 1969 on pilot training in order to upgrade the ratings and experience of Canadian licensed pilots in an effort to make them more readily employable?

2. How many pilots received this training and what was the nature of the training?

3. By province or other defined area, what were the number of pilots?

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): In so far as the Department of Manpower and Immigration is concerned the following applies: 1. $110,833.50.

2. Three hundred and three. Ground school training, including Link and Simulator training, was provided to 283 pilots to help them to qualify for Instrument Flight Rules endorsement to their Commercial Pilot Licences. Air time, which included float endorsements, bush flying familiarization, running maintenance for pilots and instrument training for northern conditions, was provided to 20 pilots.

3. Ontario, 26; Manitoba, 101; Saskatchewan, 11; Alberta, 90; Northwest Territories, 5; British Columbia, 70.

CAPITAL COST TAX DEDUCTIONS FOR AIRCRAFT

Question No. 539—**Mr. Forrestall:**

1. In light of the continuing substantial growth in the use of aircraft by employees in the normal course of their business activities, will the government give consideration to amending that section of the Income Tax Act which provides claims of capital cost for automobiles used in the course of employment with a view to including aircraft?

2. What criteria did the government follow in distinguishing between automobiles and aircraft for such capital cost deductions?

Hon. E. J. Benson (Minister of Finance): 1 and 2. This is a matter of Government policy. If the Government should decide to propose an amendment to the Income Tax Act to make the suggested change it will be announced at the appropriate time.

BURIAL POLICY, ARMED FORCES

Question No. 555—**Mr. McCleave:**

1. By year, how many members of the Armed Services of Canada have lost their lives on military duty outside the territorial limits of this country, since 1956?

2. Were all such deceased given burial abroad and, if not, for what reasons were exceptions made?

3. Does the same burial policy apply to members of the Armed Services who have died while not on military duty abroad?

4. (a) What is the basis of the policy of foreign burials for Canadian service personnel (b) when was such policy conceived (c) how often is it reviewed?

Hon. Léo Cadieux (Minister of National Defence): 1. 1956, 38; 1957, 53; 1958, 38; 1959, 55; 1960, 33; 1961, 31; 1962, 22; 1963, 38; 1964, 25; 1965, 47; 1966, 32; 1967, 25; 1968, 22 and 1969, 27.

2. All were buried abroad with the following exceptions: (1) Twenty-seven were buried at sea. (2) Twenty-five were presumed dead, the bodies were not recovered. (3) Nine died in the United States of America and were returned to Canada for burial in accordance with Queen's Regulations and Orders Article 24.17. (4) One serviceman who drowned in England was returned to Canada for burial due to an administrative error, contrary to the provisions of Queen's Regulations and Orders Article 24.17.

3. Yes.

4. (a) In 1919 all Commonwealth countries agreed not to return the remains of deceased service personnel to their home country for burial, on the principle of "equality for all" who gave their lives in World War I. (b) This policy has been reviewed on the average of once every three years since 1940 and is under active review at this time.

*POST OFFICE CLOSURES—ALTERNATIVE FACILITIES

Question No. 556—**Mr. McCleave:**

What is the policy of the Post Office Department with regard to ensuring that alternative opportunities to purchase stamps and money orders are available when small post offices are closed?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): When small post offices are closed and alternative service is provided by rural route, stamps may be purchased from the rural route contractor. Similarly, the contractor will accept an application for a money order from the customer and the order will be prepared by the distributing office postmaster.

If alternative service by rural route is not provided, customers may purchase money orders and stamps at the post office where they pick up their mail.

EMPLOYEES WITH RELATIVES IN PRESS GALLERY

Question No. 565—**Mr. Nielsen:**

Are there any employees of the government employed by Offices of Ministers of the Crown or in other sensitive employment who have spouses or other relatives who are members of the press gallery and, if so, how many of such employees are employed and in what position and capacity?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): It is not within the administrative responsibility of the Government of Canada to know who belongs to the Press Gallery.

GRAIN SHIPMENT FREIGHT ASSISTANCE

Question No. 572—**Mr. Beaudoin:**

1. Has there been a reduction of two dollars per ton in freight assistance on grain shipments and, if so, were the grain merchants and co-operatives of eastern Canada notified in advance?

2. Does the government intend to pursue this course of action in the future and, if so, what reduction in freight assistance on grain shipments is envisaged for next year as compared to this year's allocation?

Hon. H. A. Olson (Minister of Agriculture): 1. An adjustment in the rates of assistance paid under the Feed Grain Assistance Regulations was announced by a press release on October 16. Details of these rate adjustments, which became effective November 1st, 1969, were announced by the Canadian Livestock Feed Board, to the trade, on October 22, 1969. To generally equalize the balance of cost to livestock feeders in Eastern Canada it was necessary to correct iniquities in cost and therefore adjustments were not uniform in all areas. Adjustments ranged from zero to $2.40 per ton, but there was an increase in the total dollars provided for the program.

2. The situation this year was caused by a heavier than anticipated demand on grains moving under the program. Any rate adjustments necessary next year will depend upon many variables including crop conditions in Eastern and Western Canada and market price relationship for western Canadian grain compared to substitute ingredients.

DVA EMPLOYEES, N.B., UNDER TERMINATION OF EMPLOYMENT NOTICES

Question No. 600—**Mr. MacRae:**

How many employees in the New Brunswick District of the Department of Veterans Affairs, including Canadian Pension Commission, War Veterans Allowance Board, etc. are now under notice of termination of employment?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): None. However, 26 employees in New Brunswick were notified that they are surplus to staff requirements, that the Department and the Public Service Commission would endeavour during the ensuing three months to find suitable alternative positions in the Public Service and that in the event that these efforts should prove unsuccessful they would be laid off.

TOTAL DVA EMPLOYEES, NEW BRUNSWICK

Question No. 601—**Mr. MacRae:**

What was the total number of Department of Veterans Affairs Employees (including Canadian Pension Commission, War Veterans Allowance, and others engaged in veterans' work) employed in New Brunswick on (a) March 31, 1965 (b) March 31, 1966 (c) March 31, 1967 (d) March 31, 1968 (e) March 31, 1969 (f) April 30, 1969 (g) May 31, 1969 (h) June 30, 1969 (i) July 31, 1969 (j) August 31, 1969 (k) September 30, 1969 (l) October 31, 1969 (m) November 30, 1969?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): (a) 638; (b) 644; (c) 638; (d) 609; (e) 593; (f) 592; (g) 585; (h) 580; (i) 576; (j) 575; (k) 573; (l) 567; (m) 562.

GOLD SOLD ON OPEN MARKET

Question 603—**Mr. Roy (Timmins):**

1. How many ounces of gold were sold by the federal government on the open market between April 1, 1968 and March 31, 1969?

2. What was the gross amount paid by the purchasers for this gold?

Hon. E. J. Benson (Minister of Finance): 1. Between June 6, 1968, when the first sale was made, and March 31, 1969, 1,529,621 ozs.

2. ($U.S.) 62,081,100.

*SUBSIDIES FOR QUEBEC COMPOSITE SCHOOL CONSTRUCTION

Question No. 674—**Mr. Ricard:**

1. Did the federal government recently grant subsidies for the construction of composite schools in the Province of Quebec and, if so, in what federal constituencies?

2. Did the Department of Manpower and Immigration communicate this information to any persons before making it public and, if so (a) what are the names and addresses of such persons (b) is it the Department's intention to pursue this policy in the future?

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Insofar as the Department of Manpower and Immigration is concerned: 1. Yes, since September 1, 1969 the federal government approved contributions for the construction of four comprehensive schools located in the following constituencies: Lapointe, Saint-Hyacinthe, Gaspé, and Beauharnois.

2. Yes; (a) Mr. P. A. Fournier, Administrative Secretary, Federal-Provincial Agreements, Québec Department of Education, Québec; (b) Yes. It has been the policy of the department to notify the provincial departments of education about the approval of capital project submissions before issuing any public statements. The provincial departments of education are parties to the Agreements under whose authority such grants are approved.

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

SOCIAL ASSISTANCE AGREEMENTS AND GRANTS

Question No. 53—**Mrs. MacInnis:**

1. Which agreements have been signed between the Department of National Health and Welfare and private organizations in Canada regarding projects and programs to improve social assistance?

2. For the fiscal years 1962-63, 1963-64, 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, 1969-70, what have been the expenditures of the Department of National Health and Welfare in providing grants and financial assistance to private organizations in social assistance plans?

Return tabled.

AIRCRAFT—DE HAVILLAND AIRCRAFT OF CANADA LIMITED

Question No. 228—**Mr. Peters:**

1. For each of the years 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, what have been the federal government financial grants and subsidies to the De Havilland Aircraft of Canada Ltd.?

2. Is De Havilland a Canadian or non-resident owned company?

3. Is the Government of Canada presently considering financial assistance to De Havilland regarding STOL aircraft?

4. If so, what amounts of expenditures are involved?

Return tabled.

SALE OF AIRCRAFT TO BRAZIL

Question No. 312—**Mr. Barnett:**

1. What was the reply of the Prime Minister, if any, to the letter of protest sent by a Swedish group opposed to the Canadian sale of aircraft to Brazil?

2. Has the Canadian Government obtained assurances from Brazil that there is no validity to the charges that these aircraft will be used against Brazilian natives?

3. In the course of arranging the sale, was the purpose for which these aircraft were required disclosed and, if so, what was that purpose?

Return tabled.

CBC—WAGE INCREASES OF PERSONNEL

Question No. 348—**Mr. Lambert (Edmonton West):**

1. What was the date of the last general salary and wage increase granted to all major categories of CBC personnel prior to April 1, 1963, its effective date, and what was the percentage increase?

2. From April 1, 1963 to date, what have been the dates (both of publication and coming into force) of any general salary and wage increase for all major separate categories of CBC personnel and what was the average percentage increase for each such increase?

3. What cumulative average percentage increase does the salary and wage level of CBC personnel as at present date reflect when compared to the relative salary and wage level of April 1, 1963?

Return tabled.

FOREIGN TAKEOVERS OF CANADIAN BUSINESSES

Question No. 468—**Mr. Saltsman:**

For the years 1963, 1964, 1965, 1966, 1967, 1968, and 1969, what and how many foreign takeovers of Canadian businesses have been recorded by the Combines Investigation Branch of the Department of Consumer and Corporate Affairs?

Return tabled.

The Canadian Economy

MOTION TO ADJOURN UNDER S.O. 26

THE CANADIAN ECONOMY

CONSIDERATION OF POLICIES TO AVOID HIGHER PRICES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I ask leave, seconded by the hon. member for York South, to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the rise in the consumer price index reported this morning to an unprecedented high level of 127.4 and consequently the need, particularly in view of the seriousness of the situation as reflected by the questions about price increases which are being asked by members day after day, for parliament, prior to adjourning for the Christmas recess, to consider policies to avoid even higher levels of prices in Canada. This subject has already been alluded to by the hon. member for Prince Edward-Hastings.

• (2:30 p.m.)

Mr. Speaker: Order, please. I have to interrupt the hon. member and remind him of the provisions of the Standing Order which only allow the hon. member to quote for the benefit of hon. members and for the consideration of the Chair the terms of the notice which is filed with the Chair under the provisions of Standing Order 26.

As I have just pointed out, the hon. member for Nanaimo-Cowichan-The Islands, acting under the provisions of the rule, was good enough to send me notice of his intention to move the adjournment of the House under Standing Order 26. In the meantime I have had an opportunity to consider the motion and the Standing Order, as well as precedents. I think I can do no better than refer hon. members, and particularly the hon. member who has proposed this motion, to the decisions given by the Chair on past occasions when motions of a similar nature have been raised.

Hon. members will agree that the most serious problems raised by the motion has been regretfully, a continuing one. That being the case, as hon. members will know there have been and will be many opportunities provided under our rules for discussions on this admittedly very important topic. On July 11, 1969, in deciding a similar proposed motion to adjourn the House I said, after much consideration, that I would have to rule, along the lines of a previous decision made when similar motions were proposed by the hon. member for Nanaimo-Cowichan-The Islands and the hon. member for Prince Edward-Hastings, that this type of motion based on such circumstances is not normally accepted by the Chair or by the House. I might also refer hon. members to a similar decision made on May 11, 1969 and to a motion of no confidence in the government which was decided by the House on October 31 last to the effect that "the government ignores the fact that the high level of the cost of living at the present time falls with tragic and increasing severity on pensioners and others who can least afford it."

It appears to me that the several aspects of the matter having been raised and debated on several occasions in the present session and more particularly during recent weeks, the Standing Order would not make it possible for the Chair to put the motion to the House. I regret very much that I have to reach this decision and I would hope that perhaps an early occasion might be provided for the House again to consider in detail the very important matter raised by the hon. member for Nanaimo-Cowichan-The Islands, particularly in light of the circumstances to which he has referred and to which the hon. member for Prince Edward-Hastings also referred earlier today.

Taking everything into account I must rule that the hon. member's motion cannot be put to the House at this time.

ORAL QUESTION PERIOD

COMPANY OF YOUNG CANADIANS

POLICY RESPECTING OPERATION AND FURTHER LEGISLATION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State whether, in view of the harmful effects which the chaos evident in the Company of Young Canadians, particularly as indicated over the weekend, can have upon other youth programs in the country, is it the policy of the government to continue the Company of Young Canadians?

Mr. Speaker: Order, please. I shall not prevent the question from being asked or answered at this time but I should remind all

hon. members that, hopefully, there will be a debate on this very matter later on this day, if I am advised correctly on the program for this day. Therefore it might be unwise to embark upon a debate before the item is called. This having been said, I certainly would not prevent the Leader of the Opposition from asking the question.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the answer is quite simple. As you said, I hope I shall have the opportunity to give a more detailed answer later this afternoon. However, the government had already set its policy and drafted bills regarding the Company of Young Canadians before the events of this past weekend which change perhaps the light in which the problem appears but not the nature of the problem itself.

[*English*]

Mr. J. P. Nowlan (Annapolis Valley): A supplementary question, Mr. Speaker. In the elaborate answer that the Secretary of State is going to give later this afternoon, which will be most welcome on this side of the House as we do not know what the devil he is going to say, will he inform hon. members whether there will be further legislation brought into the House at a later date to try to clean up this mess?

[*Translation*]

Mr. Pelletier: I am very happy, Mr. Speaker, that the members of the Opposition should be so eager to hear me. The answer is yes.

[*English*]

Mr. Nowlan: On a question of privilege, Mr. Speaker—and I do not usually abuse privilege too much—the minister may not be aware of it because he was not in the House on Friday as it was not his duty day, but it so happens that the Prime Minister was asked questions about this very subject and he told us that we would have to wait until today for answers. As a member of the committee and one of the participants in the hearings, I would have thought we would learn of the government's intentions prior to reading about them in the newspapers, but nothing has been said. I will be more than interested to hear what the minister has to say this afternoon in view of the answer we received on Friday.

Mr. Speaker: Order, please. I would think that the question of privilege raised by the hon. member indicates clearly that we are engaging in the debate which I thought was scheduled for some time after the question period. I would suggest to hon. members that perhaps they might be a little patient and wait for the opportunity which will come in just about 30 minutes. Then they can ask questions or ask for statements.

Mr. Stanfield: Mr. Speaker, I am happy to accept that suggestion on the assumption that the debate will not be kept within the very narrow compass of the bill to come before us. If I may say so, I asked the question because the bill before the House is on a very limited aspect of this question and I therefore directed my question to the Secretary of State to see whether the recent developments had changed the policy of the government. I would ask whether the minister will make a full statement. In the circumstances perhaps you will permit him to go beyond the normal latitude of the bill and inform the House as to what members, if any, of the Company of Young Canadians have resigned in recent days and whether in the view of the government the Company of Young Canadians can continue to function effectively with the board it has left.

[*Translation*]

Mr. Pelletier: Mr. Speaker, I intend to remove all the anxieties the members of the opposition are now expressing. Perhaps the simultaneous interpretation did not work well, but I replied to the member for Annapolis Valley (Mr. Nowlan) that in the statement I was going to make, substantive legislation greatly changing the structure of the Company of Young Canadians would be brought before the House.

However, I will be able to answer the question of the Leader of the Opposition when the bill designating a financial comptroller is introduced in the House. In accordance with our Standing Orders, hon. members will not be able to talk of anything but the bill before them. Nonetheless, they are assured of an opportunity—

Some hon. Members: Ah, ah, ah!

Mr. Pelletier: —before the Christmas and New Year's recess, to examine the essence of the matter.

[*English*]

Mr. Stanfield: Mr. Speaker, I would therefore ask the minister whether, in view of recent developments, it is the government's intention to accept the recommendation of the

standing committee and appoint a trusteeship for the CYC? If so, when can parliament expect such legislation?

[*Translation*]

Mr. Pelletier: Mr. Speaker, the appointment of a financial comptroller is surely, in my opinion, a form of financial trusteeship.

As for the other questions asked by the Leader of the Opposition, to wit who has resigned and who has not, I must honestly reply that I am experiencing as much difficulty as he is to keep count.

[*English*]

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. In order that we may determine our policy toward the bill which is to be discussed, can the minister say from his own knowledge whether the reasoned, orderly and rational policy will now be pursued by the present CYC administration with respect to the Company of Young Canadians?

Mr. Steven E. Paproski (Edmonton Centre): A supplementary question, Mr. Speaker. I do not want to pre-empt what the Secretary of State may say this afternoon and for that reason perhaps I ought to direct my question to the Prime Minister. Has the government given thought to the qualifications of Miss Charlotte Whitton as generalissimo of this organization in order to channel its revolutionary tendencies in the right direction?

Mr. Speaker: Order, please.

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Mr. David Lewis (York South): Mr. Speaker, I know this question ought normally to be addressed to the President of the Treasury Board but since, according to the roster, it is not his turn to be in the House and since the matter is of some urgency, may I address this question to the Prime Minister. Is he aware of an exchange of telegrams between the Canadian Association of Air Traffic Controllers and the President of the Treasury Board? Can he inform us about possible meetings following upon the conciliation board report? Also, can he inform the House whether such meetings have been arranged and when they are to take place?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at this stage I can only say that the President of the Treasury Board has informed me that he has invited the parties to such a meeting following upon the unanimous recommendations of the conciliation board. As of now I do not know whether a meeting has been definitely arranged; all I can say is that the invitation by the President of the Treasury Board has been sent out.

[Mr. Stanfield.]

Mr. Lewis: May I direct a supplementary question to the Prime Minister, Mr. Speaker. Inasmuch as it is public knowledge that the air traffic controllers have by a large majority rejected the conciliation board's report, has the government given consideration to appointing a mediator of experience and status in order to assist the parties in arriving at a settlement which might then be reached if only Treasury Board would become less rigid in its attitude?

Mr. Trudeau: Mr. Speaker, as I have indicated, at this stage we have sent out the invitations for a meeting. I have nothing further to add.

Mr. Robert Muir (Cape Breton-The Sydneys): A supplementary question to the Prime Minister, Mr. Speaker. Since tests conducted in the United States have shown that air traffic controllers exhibit stress-related illnesses on a scale between one and a half and four times greater than in the case of a similarly tested pilot group, does the government consider it unreasonable to conduct a study of the stresses affecting air traffic controllers in Canada?

Mr. Speaker: Order, please. The question as asked is not in order. The hon. member is asking whether the government considers it reasonable to come to a certain conclusion. I think, considering the importance of the matter, that the question might be asked in another way.

Mr. Muir (Cape Breton-The Sydneys): Mr. Speaker, may I rephrase my question. May I ask the right hon. gentleman if the government will give consideration to conducting a study of the effects of stresses on Canadian air traffic controllers? Also, in light of the evidence of the effects of stresses upon air traffic controllers and in light of current policy which restricts a pilot's flying hours to 120 hours a month while permitting controllers to work for 160 hours per month, will the government undertake to modify its stand on this issue in the current contract negotiations?

Mr. Trudeau: Mr. Speaker, the Minister of Transport is having these general questions considered. As to the present negotiations, I can only say that the report of the conciliation board was unanimous and that we are acting on one of its recommendations, that of bringing the parties together again.

Mr. Eldon M. Woolliams (Calgary North): A supplementary question, Mr. Speaker. Has the Prime Minister discussed this matter with any of his ministers in order to obtain some assurance that aircraft will be operating during the Christmas holidays? This matter affects very many Canadians right across the country.

Mr. Trudeau: Mr. Speaker, the minister and the government have this matter under consideration.

Mr. Lewis: A further supplementary question, Mr. Speaker. In view of the Prime Minister's emphasis on phrases like "unanimous report" and so on, can he tell us whether the government is prepared to make any concessions beyond those contained in the report? Otherwise, Mr. Speaker, there obviously will not be a settlement.

Mr. Trudeau: No, Mr. Speaker, I cannot indicate that to the House.

Mr. Thomas M. Bell (Saint John-Lancaster): A supplementary question, Mr. Speaker. In view of the seriousness of a possible strike, will the Prime Minister ask the Minister of Transport to be in his place in the House every day this week rather than just being here on his appointed days?

Mr. Trudeau: No, Mr. Speaker.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should like to put a supplementary question to the Minister of Labour.

I should like to ask him whether he intends to offer his services as mediator, in order to prevent that prospective strike before the Christmas holidays.

[*English*]

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I am sure the hon. member knows that when the Act was brought in two years ago it was done in such a manner as to make it unnecessary and undesirable for the Minister of Labour to express publicly any bias in favour of management or labour in public service disputes. For that reason I prefer not to answer questions that are directed to me on the subject of the air traffic controllers' dispute.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, may I direct a supplementary question to the Secretary of State for External Affairs. Can he advise the House whether he has had discussions with the federal aviation authorities of the United States on the matter we are now considering. If so, has that authority sought assurances about our international obligations? If the minister has had discussions about overflights, can he indicate what reply he has given to those United States authorities and other international air carriers?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have had no such discussions.

[*Later:*]

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my supplementary question relates to the Prime Minister's previous answer. Will he assure the House and an anxious nation that the Minister of Transport will be in the House tomorrow to make a statement on motions about the air traffic controllers' dispute?

Mr. Trudeau: Mr. Speaker, the minister plans to be in the House tomorrow and will make a statement if he thinks it is to the advantage of the country that he make such statement.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my supplementary question is directed to the Prime Minister. Will he ask the Minister of Transport to avoid making statements outside the House which are straining relations between the negotiating bodies?

Mr. Speaker: Order, please.

Mr. Lundrigan: The minister has been in the habit of talking outside the House.

Mr. Speaker: Order, please. Now that we have fully debated the subject, we may as well go to another matter.

[*Translation*]

NATIONAL FILM BOARD

LAY-OFFS OF EMPLOYEES

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Secretary of State.

Inquiries of the Ministry

Would the Minister responsible for the National Film Board tell the House whether the number of lay-offs within that body, to comply with the government's austerity measures, stands in fact at 90, as he stated in November last, or whether this number has been changed?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I said in the House last week that I was expecting an up-to-date report on the matter by today. As I had to be in Montreal this morning to sign an agreement in an altogether different field, I have not yet read this up-to-date report, so I unfortunately cannot give an answer to the hon. member.

[*English*]

TRADE

WHEAT—STATUS OF REMAINING 53 MILLION BUSHELS UNDER AGREEMENT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister without Portfolio who reports for the Canadian Wheat Board. Would he clarify the statement he made on motions? As I understood his statement, some 75 million bushels of wheat are to be sold to the Soviet Union in the next calendar year and then the Soviet Union will endeavour to buy the remaining 53 million bushels. Is there a firm agreement with the Soviet Union under which it will buy the 53 million bushels, or is this merely an expressed hope that they will buy that additional amount at some future date?

Hon. Otto E. Lang (Minister without Portfolio): The current agreement is a continuation of the previous agreement under which a commitment to buy the total amount already existed. The principal distinction is that the complete programming with regard to price and delivery dates is firmly fixed with regard to the first 75 million bushels but remains to be fixed with regard to the other portion.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Will the initiative with respect to taking the additional 53 million bushels lie with Canada or the Soviet Union? In other words, will the latter determine at what rate they will take the balance, or will it depend on transportation facilities?

Mr. Lang: It will depend on a number of factors. It will be determined as a result of further discussions between the Canadian Wheat Board and Exportkhleb.

Mr. Eldon M. Woolliams (Calgary North): The minister told us the price was firmly fixed. What was the price at which this grain was sold, the price for the first portion and the price for the later portion mentioned by the leader of the New Democratic Party?

Mr. Lang: It is not customary for the minister responsible for the Wheat Board to quote prices in the House with regard to specific transactions.

Mr. Les Benjamin (Regina-Lake Centre): Further to the statement the minister made on motions concerning the shipment of 250,000 long tons of flour destined for Cuba, can the minister advise us whether sufficient facilities are available and committed to effect the milling and delivery of this quantity of flour in the time specified? Can he give an undertaking that no flour mill will be permitted to refuse to mill flour for Cuba because of the United States Trading with the Enemy Act or because of instructions from parent companies in the United States?

Mr. Lang: I think the hon. member will appreciate that the second part of the question is well outside the area of immediate concern to me. As to the first part of the question, I should like to assure him that not only are the mills able to handle this quantity of flour but this shipment will be very important indeed to the mills.

Mr. John Burton (Regina East): Can the minister tell us whether the price agreed upon with the Soviet Union in respect of the first part of the contract was near the minimum level provided under the International Grains Arrangement? Was there any discussion or has there been any discussion in the immediate past as to the possibility of the Soviet Union entering the International Grains Arrangement?

Mr. Lang: It is obvious that if I undertook to comment on how close to or far from a particular point the prices were I should be acting in contradiction of my earlier statement of policy. Let me say, though, that the agreement is in line with statements made both in and out of the House. I am satisfied we have achieved a significant degree of stability in price among world exporters and that any future changes are likely to see moderate, though steady increases, rather than the reverse.

Mr. Rod Thomson (Battleford-Kindersley): Notwithstanding the greatly appreciated wheat sale to Russia, would the minister consider favourably the presence of a Canadian bread baking display at Expo '70 in Japan?

PENSIONS

ADJUSTMENT TO COMPENSATE FOR INCREASE IN COST OF LIVING

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Minister of National Health and Welfare whether, in view of the increase in the cost of living and, in particular, of the one point increase in the cost of food, he can assure the House that he intends to introduce legislation in the next few weeks to adjust old age pensions in accordance with the extent of the actual rise in the cost of living? It is not very pleasant, at Christmas time especially, to think of old people being hungry.

Hon. John C. Munro (Minister of National Health and Welfare): As the Leader of the Opposition is aware, the government has announced in the Speech from the Throne that there is to be a white paper dealing with this subject.

Mr. Baldwin: You cannot eat white papers.

Mr. Woolliams: This is a white paper government with red covers.

Mr. Stanfield: Does the minister believe that the old people can live on white paper.

Some hon. Members: Hear, hear.

NATIONAL FILM BOARD

REQUEST FOR STATEMENT ON SERVICES

Hon. W. G. Dinsdale (Brandon-Souris): My question is for the Secretary of State, Mr. Speaker. In view of the announced impending lay-offs of employees of the National Film Board and the change in the board's policy which would result in the imposition of charges for the use of films by libraries, schools and community adult education groups, with effect from January 1, would the minister make a statement this week setting out the intention of the government in respect of the services to be provided by the board to the Canadian public?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I have already said, Mr. Speaker, that following the study of that problem and of some others with which the National Film Board is faced, I did not rule out the possibility of making a statement before the Christmas recess.

[*English*]

Mr. David Orlikow (Winnipeg North): Can the minister confirm the statement that as of today 104 employees of the National Film Board, amounting to 10 per cent of the staff, have either been laid off or given notice?

Mr. Speaker: The question as asked is not in order.

Mr. J. P. Nowlan (Annapolis Valley): May I ask whether the government is reviewing the change of policy by the National Film Board and whether the minister would use his good offices to persuade the commissioner that the free distribution of films to community groups should be reinstated? I do not know whether the minister heard my question. Perhaps the translation service from English into French was not good. The question asked by the hon. member for Brandon-Souris was in two parts—

Mr. Speaker: Order. Would the hon. member ask his supplementary in one part?

Mr. Nowlan: I will, Mr. Speaker. Would the minister use his good offices to request the film commissioner to change the policy of charging rental for films used by community groups?

Mr. Pelletier: The question came over beautifully, Mr. Speaker. The answer is that the report I have requested on all aspects of the changes taking place in the Film Board is intended precisely to be the basis for review and examination by both the Film Board and my department with regard to all these changes.

Mr. Nowlan: Can the minister tell us what timetable has been set for this report and review?

Mr. Pelletier: There is no timetable fixed. I have asked that the report be ready today; if I understand correctly, it is already in my office. Talks will be conducted without delay. I do not know—and this is why I say no timetable can be established—how long they might last.

[*Translation*]

INQUIRY OF THE MINISTRY

Mr. Roland Godin (Portneuf): Mr. Speaker, I have a question for the Prime Minister. Would he be prepared to ask Mr. Marcel Masse, Quebec Minister without Portfolio, for help in introducing bilingualism in Canada, as Mr. Masse has expressed confidence in being able to rally the United States to the cause of bilingualism?

Inquiries of the Ministry

[*English*]

EDUCATION

REQUEST FOR YOUNG CANADA TRAIN

Mr. Colin D. Gibson (Hamilton-Wentworth): I have a question for the Prime Minister. In the spirit of EXPO Canada and in the interest of national unity, will the Prime Minister consider planning for next summer a Young Canada train to take young Canadians across this nation from coast to coast with the co-operation of the railways and the provinces?

Mr. Speaker: The hon. member has made a representation and he has to assume it will be given consideration.

CANADIAN BROADCASTING CORPORATION

QUALIFICATIONS OF PUBLIC AFFAIRS COMMENTATORS

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State. Prior to the Christmas recess of Parliament, would the Secretary of State undertake to make a statement on motions setting out the minimum qualifications required and the criteria generally followed by the Canadian Broadcasting Corporation in selecting public affairs commentators on CBC broadcasts? I ask the question particularly in view of this morning's program, "Preview Commentary", in which the qualifications of the speaker seemed to be non-existent, other than an ability to make an attack that was clearly libelous on the present—

Mr. Speaker: Order, please.

HEALTH AND WELFARE

BANNING OF CYCLAMATES IN SOFT DRINKS—EXTENSION OF DEADLINE

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of the minister's announcement on October 21 that the use of cyclamates in soft drinks would be outlawed on November 30, could the minister now say for what reason the ban has not yet been put into effect?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the period was extended by one month to allow many of the soft drink products to be removed from the market. It was felt by the Food and Drug Directorate, and I concurred, that the extension of one month would in no way be prejudicial to the health of Canadians.

[Mr. Godin.]

Mrs. MacInnis: A supplementary question. When does the minister propose officially to ban the use of cyclamates in ice cream cones and biscuit wafers?

CANADIAN BROADCASTING CORPORATION

LIMITING OF COMMENTS OF PARTICIPANTS ON "WEEKEND"

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Secretary of State whose television performance I watched over the weekend. My question concerns the CBC program "Weekend" in which the comments of other participants were terminated at the flick of a ministerial finger. Could I ask whether this Orwellian gimmick is a CBC innovation, or is it the new formula for ministerial participation in Information Canada managed news?

Mr. Speaker: Order. The hon. member for Parry Sound-Muskoka.

Mr. Aiken: A supplementary question, Mr. Speaker.

Mr. Speaker: Order. I suggest a new question be asked. I doubt whether a supplementary to the question just put can be asked.

Mr. Nesbill: Mr. Speaker, I rise on a point of order. Two questions have been asked the Secretary of State. I asked a question which did not seem to arouse much enthusiasm on the government side, and now a question has been asked by my colleague. I think the Secretary of State would like to answer these questions, and we should have answers.

Mr. Speaker: Order. The hon. member for Parry Sound-Muskoka.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary or related question for the Prime Minister. Has the Prime Minister now settled with the Postmaster General whether the progress in constitutional reform is slower than the delivery of mail?

Mr. Speaker: Order.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO LEGISLATION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. I wonder whether the minister is in a position to answer the question I asked in his absence last Thursday.

Can the minister tell the House whether during this session he will introduce either amendments to the Unemployment Insurance Act or a completely new Unemployment Insurance Act for Canada?

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, the Speech from the Throne indicated that a proposal to amend or to change the Unemployment Insurance Act could very well come forward at this session. As I said a week or two ago, this will depend upon just how fast the legislation now before the House is dealt with and, frankly, on just how much progress the Minister of Labour makes with his proposed amendments.

LABOUR CONDITIONS

DISMISSAL OF EMPLOYEES AT U.S. BASES IN NEWFOUNDLAND

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, my question is for the Secretary of State for External Affairs. Could the minister now indicate whether he had any recent success in his negotiations with his United States counterpart with regard to the procedure respecting lay-offs at U.S. bases in Canada?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have answered this question on a couple of occasions. I did not have any success; the United States government decided to follow its policies.

Mr. Lundrigan: Mr. Speaker, I rise on a question of privilege. This is the third occasion on which the minister has indicated he has not had success. May I refer the House to page 1895 of *Hansard* for Thursday, December 11 last, where there is a statement by the Parliamentary Secretary to the Minister of National Defence in response to a question on the late show. The Parliamentary Secretary said:

> The Canadian government was made aware of these reductions in advance and, incidentally, made a successful representation to the American authorities to improve the lay-off procedures for the affected personnel.

My question of privilege is this, that one or other of the hon. gentlemen is not giving the House the information which he has available, or he is giving the House information that is not in accordance with the facts. Somebody is committing what I believe Winston Churchill referred to as a terminological inexactitude. I think that as members of the opposition we have the right to have the minister clarify this matter.

Mr. Speaker: Order. Perhaps the minister might reply to the question of privilege, but I have to bring to the attention of hon. members that we will soon be running out of time.

Mr. Sharp: Mr. Speaker, on the question of privilege, I think the confusion perhaps arises over the form in which the question was asked. Perhaps I misinterpreted the question. The hon. member asked it in the most general form and I thought he was referring to the question which had concerned me previously. If there is any difference between the Parliamentary Secretary to the Minister of National Defence and myself, then I certainly would want to clarify the situation. We did make representations; on some points we were successful but not on the point on which I thought my hon. friend had been questioning me.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. Has the minister checked with the U.S. government the very disconcerting rumours that are prevalent to the effect that the United States naval authorities will be withdrawing their forces from the naval station at Argentia in June next year?

Mr. Speaker: Order. The hon. member for Vancouver East.

Mr. McGrath: May I rephrase my question, Mr. Speaker?

Mr. Speaker: Order. Since hon. members obviously have a very serious question they wish to ask the minister, I wonder whether it might not be advisable to have a conference with the minister outside the House to decide exactly what question it is that they are asking. I am not saying this in an unkind way, but we do appear to be getting nowhere on this point. Perhaps we might try to start again tomorrow when both hon. members have had more time to consider their point. May I say I will not charge the House for the minute I have just taken to try to make my point.

Mr. McGrath: Mr. Speaker, on a point of order, with the greatest respect, this is a very serious question that affects the jobs of 800 Canadians. The minister may not be in the House tomorrow.

Mr. Stanfield: He will not.

Inquiries of the Ministry

Mr. McGrath: I am advised that according to the roster he will not be here, so he will not be able to answer my question.

Since this is a very serious matter, may I rephrase my question. Has the minister checked with the United States government to see whether there is any truth in the rumour that the United States government will be closing its naval base at Argentia, Newfoundland, in June of next year?

Mr. Sharp: Mr. Speaker, both the Minister of National Defence and I have been following these developments. The Minister of National Defence will be in the House tomorrow. I will see that this matter is brought to his attention and he can answer it then.

SPORTS

ASSISTANCE TO CANADIAN SKI PATROL

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare which I have held back till today at his request. Is the minister now in a position to inform the House what consideration has been given to extending financial assistance to the Canadian Ski Patrol?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for giving me notice of this question. The department is now in the process of reviewing the application for financial support made by the ski patrol. I will be in a position in the next week or so to give a definite decision on the outcome of that review.

Hon. George Hees (Prince Edward-Hastings): A supplementary question for the Prime Minister. Since the Prime Minister and I often require the services of this excellent body, the ski patrol, will he lend his good offices to seeing that the assistance requested is made available?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

GREECE—POSITION ON PARTICIPATION IN NATO

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State for External Affairs, now that the Greek question seems to be have been settled within the Council of Europe, whether the government of Canada has decided what position to adopt toward Greece and the participation of that country in NATO?

Hon. Mitchell Sharp (Secretary of State for External Affairs): As I indicated in reply to a similar question the other day, Mr. Speaker, what we have to determine is whether such action would weaken NATO or whether it would help the cause of democracy in Greece. It does not necessarily follow that the expulsion or withdrawal of Greece from NATO would either strengthen NATO or help democracy in Greece.

Mr. Stanfield: Mr. Speaker, it was indicated to me previously that the government of Canada was waiting for the matter to be settled by the Council of Europe, and it now appears that that was just an excuse for delay.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, did I understand the Secretary of State for External Affairs to say that if, in the government's judgment, it would weaken NATO to expel a non-democratic member he would not favour such action?

Mr. Sharp: I should think that would be a doubtful proposition. I understand that the hon. member would like to weaken NATO but I had not understood that the official opposition would—

Some hon. Members: Oh, oh!

Mr. Broadbent: On a question of privilege, Mr. Speaker—

Mr. Stanfield: I rise on a question of privilege.

Mr. Speaker: Order, please. There should be just one question of privilege at a time. The Leader of the Opposition is recognized.

Mr. Stanfield: Mr. Speaker, my question of privilege relates to the fact that the Secretary of State for External Affairs took a different position in respect of this matter today than he took in reply to my questions previously. I simply point out that he cannot have it both ways.

Mr. Sharp: Mr. Speaker, if the hon. gentleman will look at my answer to this question I think he will find that it was exactly the same as the answer last time.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he thinks

the time has come to revise the provisions of NATO which call for respect for fundamental human rights as basic to the treaty?

Mr. Sharp: No, Mr. Speaker, I do not think this is the question. The question is whether the expulsion of Greece from NATO would help in restoring democracy, which he and I and everyone else want, or whether it would act in the opposite direction and have the effect of weakening NATO itself.

[*Later:*]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, in view of the confusion about the government's position on Greece, would the Secretary of State for External Affairs be in a position to make a statement on motions on this subject some time before the Christmas recess?

Mr. Sharp: Mr. Speaker, I suggest that the confusion is in the mind of the questioner.

Mr. Nystrom: Mr. Speaker, will the minister assure the House that he will be prepared to make a statement on motions regarding this question?

Mr. Sharp: Mr. Speaker, when the question becomes a real one I would certainly be prepared to make a statement. The question of whether Greece should remain a member of NATO will not arise until the next meeting of the NATO council.

REGIONAL ECONOMIC EXPANSION

CLOSING OF FAIREY AVIATION PLANT—INQUIRY AS TO REMEDIAL ACTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, could the Minister of Regional Economic Expansion indicate whether discussions between his departmental officials and the Grumman Aircraft Company in respect of the takeover of the Fairey Aviation Company have broken down and, if they have, could he indicate whether his departmental officials are actively in conversation with any other interest in this connection?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I believe there has been a meeting of the board of directors of one of the companies which were interested last week in buying the assets of that company. I have had no news but probably will have some shortly, and we will then see whether other proposals can be made.

[*English*]

POST OFFICE

ALLEGED SLOW DELIVERY OF MAIL

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I should like to direct a question to the Postmaster General brought about by the fact that a letter took four days to travel a distance of 2.8 miles or at a rate of 0.8 miles a day, a snail's pace.

Mr. Speaker: Order, please. The hon. member should not use that as a precedent for his question. He should ask it a little more quickly than that.

Mr. Comeau: Mr. Speaker, would the minister kindly report on his progress in trying to obtain faster service, particularly in view of the Christmas rush?

Hon. Eric W. Kierans (Postmaster General): Mr. Speaker, would the hon. member send me a copy of the envelope in question?

An hon. Member: You would never get it.

Some hon. Members: Oh, oh!

An hon. Member: Send it by hand.

VETERANS AFFAIRS

ESTIMATED COST OF INCREASING PENSIONS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I should like to ask the Minister of Veterans Affairs a question in respect of the cost of implementing the Woods Committee Report and an interim increase in pensions. Would he explain the discrepancy between the estimate of the government and that of the Council of Veterans?

Mr. Speaker: Order.

GOVERNMENT ORDERS

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

Hon. Gérard Pelletier (Secretary of State) moved that Bill C-171, to amend the Company of Young Canadians Act, be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

Company of Young Canadians Act

He said:

[*Translation*]

Mr. Speaker, on October 22, 1969, in a statement on motions, the government suggested that the Standing Committee on Broadcasting, Films and Assistance to the Arts make a thorough study of the Company of Young Canadians. In view of the specific structures of the company, as adopted unanimously by the House in July 1966, and following allegations concerning certain activities of the company, any exhaustive study on the company's activities had to be carried out by the House.

The Standing Committee on Broadcasting, Films and Assistance to the Arts, was therefore requested to consider and make a final report...upon the legislative framework, organization and operations of the Company of Young Canadians.

[*English*]

Mr. Nowlan: Mr. Speaker, I rise on a point of order. I am wondering whether the minister is reading from a prepared statement and, if so, perhaps it would be possible to supply copies to hon. members so they may follow the minister's remarks more easily.

[*Translation*]

Mr. Pelletier: Mr. Speaker, the Standing Committee on Broadcasting, Films and Assistance to the Arts was therefore requested, as I said, to consider and report on the legislative framework, organization and operations of the Company of Young Canadians. The committee went to work with impressive haste and eagerness; it held 34 sittings and presented its report on December 5.

I want to stress, Mr. Speaker, that the committee made known its agreement with the original objectives that Parliament had in mind when the Company of Young Canadians was established. The committee believes that these concepts and objectives could be achieved and deserved to be maintained and developed. The committee also put forward some real achievements and successes that are attributable to the Company of Young Canadians.

At the same time, however, the committee felt very much troubled by the gross weaknesses in the organization and operations of the Company of Young Canadians. In particular, a lack of administrative procedures resulting in almost chaotic conditions, and questionable and unconventional financial procedures gravely disturbed the committee. The latter could only conclude that it was necessary to protect public funds and to control all illegal activities by a few members of the Company. Finally, the committee recommended that the Company should immediately adopt adequate financial policies, accounting methods and controls to ensure financial accountability not only within the Company but also of the Company to parliament as the representative of the people of Canada.

[*English*]

As I noted in my testimony before the committee, Mr. Speaker, the Company of Young Canadians is not an agent of the Crown and, as a consequence, subsection (2) of section (81) of the Financial Administrative Act does not apply to it. The result is that, short of an act of Parliament, the Government cannot control or assure public control over the moneys allocated to the Company of Young Canadians.

• (3:20 p.m.)

We, as a government, are committed to the principle of the Company of Young Canadians, as stated in the Act, and we are committed to help people participate in the development of the laws and structures of our society. The Company of Young Canadians can play an important role in encouraging citizen participation. We also insist upon efficient operation and, in particular, financial accountability of the moneys collected and utilized on behalf of the Canadian people by this government. The committee's report noted the need for substantial changes in the legislative framework of the Company of Young Canadians. It is the intention of the government to present for first reading, prior to the Christmas recess, a comprehensive series of amendments to this Act. In the meantime, it is imperative that full control be established over all public funds allocated to the Company of Young Canadians. Considering the deficiencies which have been revealed in the financial operations of the Company, the government is concerned with the need for interim control until such time as the detailed amendments can receive study by this House.

We, therefore, recommend immediate passage of a bill to appoint a financial comptroller of the Company of Young Canadians. The government realizes this bill is not the sole change required in the legislation governing the Company of Young Canadians. However, it will provide means of responsible control until such time as the necessary changes can be made. I, therefore, respectfully request, Mr. Speaker, passage of this bill with the least possible delay.

Mr. Stanfield: You have a fat chance.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I am more than interested in the general statement made by the minister in respect of Bill C-171 but am certainly amazed at the last sentence of this statement in which he expressed the wish that passage of this bill proceed as fast as possible. Actually, this is the desire of members on this side of the House. If this is the case, then why did not the minister decide to consult with someone on this side about what he intended to do and indicate his intention to bring in a comprehensive bill prior to the Christmas recess. Many times in this House the government House leader and the opposition House leader have bemoaned the progress of legislation in this House. Sometimes both sides have had justification for their complaints about the progress made in respect of legislation. Here, we have a bill which on the face of it would seem to be a concise bill containing an amendment which is perhaps better drafted than the section in the original Act.

The amendment to section 10 sets out the format for the appointment of a comptroller and yet there has been no discussion at all between the minister and anyone on this side of the House concerning what the minister intends to do. It certainly would have been helpful to members on this side of the House if they had known what the government's intentions were in this regard. Surely, what the government intends to do in relation to this bill C-171 is not sacrosanct.

Mr. Stanfield: Tell us what you are going to do.

Mr. Nowlan: When the minister says the government wishes the co-operation of all members of the House, I would have thought it would have been academic to have some advance discussion with members on this side of the House rather than a system of ambush because we still do not know what is intended.

Before I proceed any further I should like to ask the minister right now if the statement he made, as I copied it down, that the other bill will have first reading prior to the Christmas recess means that will happen before Friday?

Mr. Speaker: Order, please. The hon. member knows the rules of the House will not allow him, in the middle of his speech, to ask a question of the minister. I suggest to him that he could follow the normal course and indicate he would like the minister to make a statement when he replies or give this information.

Mr. Baldwin: Mr. Speaker, I rise on a point of order. Your Honour is perfectly right. Although I cannot speak for the other parties the progress on this bill today will be determined by the extent of the legislation referred to by the minister and what it will include. I think, if necessary, perhaps the House might well consider giving unanimous consent to waiving the rules to permit this very important issue raised by the hon. member for Annapolis Valley (Mr. Nowlan), to be dealt with by the minister, if he is able to do so.

Mr. Speaker: Order, please. I thank the hon. member for his assistance and for the suggestion he has made. Perhaps it might have been better for the hon. member to have asked the question while the minister still had the floor. At the same time, however, if there is unanimous consent, and if hon. members wish to suspend the rules to allow the minister to make a second statement followed by a second speech by the hon. member for Annapolis Valley, then we could invite the hon. Secretary of State to make another speech.

The hon. member for Trois-Rivières on a point of order.

[*Translation*]

Mr. Mongrain: Mr. Speaker, I only wanted to suggest, in compliance with Standing Orders, that the minister be asked whether he is prepared to give this information.

[*English*]

Mr. Speaker: Order, please. Is there agreement that the Secretary of State might give the information requested by the hon. member?

Some hon. Members: Agreed.

[*Translation*]

Mr. Prud'homme: Mr. Speaker, on a point of order.

In my opinion, other members might wish to ask questions to the minister and enjoy the same privilege as the one we seem willing to grant the previous speaker, who wants to know whether the minister would answer immediately his question before taking the floor at the end of the debate.

If the hon. member is allowed to ask his question and the minister is allowed to

reply right away, in my opinion the same privilege should be granted to other members who might want to ask questions and would like the minister to answer them.

As for me, I am prepared to give my consent for the minister to answer immediately.

[*English*]

Mr. Nowlan: Mr. Speaker, I gather there is some difference of opinion concerning whether the minister should make any further statement about what this government intends to do. I was going to ask the minister, frankly, while he was making his statement but I was overcome by the brevity of the statement. He sat down still leaving, basically, the whole question of the Company of Young Canadians in the air. My point is the basic point that so many times we become involved in protracted debates in this House and I do not think the minister appreciates how volatile and explosive this question is, especially after the activities over the weekend. This House might well become bogged down for several days of debate.

Mr. Stanfield: Six, seven, eight.

Mr. Nowlan: If there had been any prior discussion between the minister and members of the committee from this side of the House—and perhaps with my good friends on the left—about the fact that the minister intended to bring in a second bill containing substantive changes in the Company of Young Canadians Act, then, because of the urgency the minister mentioned in connection with the financial control we might very well have passed this bill in a very few minutes. Since I was a member of the Committee, I can appreciate the necessity for this. Now, however, not having any substantive words from the minister concerning what he intends to do, and not knowing what the further bill will contain, we must ask some basic questions relating to Bill C-171. If the minister intends to bring in a further bill before the Christmas recess, the very first question is why do we have this bill when the committee made no reference whatever to a financial comptroller.

The amendment to section 10 provides for the appointment of a financial comptroller with no time limit whatsoever. The way the bill reads at the moment, the financial comptroller could continue to exercise powers from now until Doomsday. Before we progress any further, I give notice to the minister that we will move an amendment to tie down any such comptroller to a time limit, so that the government will be forced to take some further action.

Certainly, we on this side of the House are handicapped, as perhaps are hon. members opposite who may be interested in this matter. I see that the chairman of the committee, the hon. member for Kenora-Rainy River (Mr. Reid), is seated close to the minister. For the greater part of the committee's deliberations on the CYC, party lines were crossed and there were no party positions during the debate so there is no need to take one here. But I am afraid that the minister, who perhaps has no more experience in politics than I so far as length of stay in the House is concerned, unfortunately has not sat on the opposition benches. Perhaps that would have been the best lesson he could have had to really appreciate the significance of working by consultation and co-operation instead of by day-by-day confrontation in the House of Commons.

• (3:30 p.m.)

Perhaps some of the by-products of the CYC philosophy of confrontation rather than consultation or co-operation have rubbed off on the minister and he decided to bulldoze his way through. Perhaps, to give him the benefit of the doubt he did so unwittingly without fully appreciating what might happen here. Possibly he failed to realize that we might get involved in a prolonged debate on the CYC because, in the view of opposition members, we should be dealing not only with the financial control of the party but should amend the Act substantially. This is the time to consider fully the recommendations of the committee, and what should or should not be done with the company. To repeat the statement that we have made before, we think that the company is bruised and battered enough and that it cannot be resurrected. It would be more realistic to call a spade a spade, to start from square one and establish another social agency.

We agree with the minister that no one has a monopoly in this field and we on this side of the House are just as interested in the existence of a social agency or some type of vehicle whereby the federal government can participate with youth in social action at the community level. No one has a monopoly on the original concept behind the bill establishing the CYC which was passed on July 11, 1966, Unfortunately, it is evident that between the time the committee report was issued and today, a monopoly on the authorship or the birth of the company has been

claimed by this government. It, therefore, feels it has to protect and conserve the Company beyond all reason. In fact, the government refuses to see the real facts. You can still maintain the ideals and the objective of the CYC, but you will pollute the ideals and pervert the objective if you try to continue the existence of an organization which I say has lost credibility in the country through no fault of its own. I say that it cannot be blamed for this because, being the creature of the former government, it received no direction or leadership from its inception. According to the committee report, the CYC has lacked adequate policies and administrative, financial and evaluation procedures. This is not an apologia; it is a sad confession and an abdication of responsibility.

Some hon. Members: Hear, hear.

Mr. Nowlan: Yet, today, in trying to head off this debate which none of us want right now, we agreed that the government had not had sufficient time to consider the committee's report. They may not want to follow the committee's recommendations and that is their prerogative. Surely, however they should at least have consulted hon. members opposite and given them some warning of their intention so that we would not become involved in a protracted debate, as we will today, with the minister sitting silent across the way.

We on this side of the House are completely against appointing a financial comptroller of the CYC, and I even question the minister's statement that right now there is no one to control the financial procedures of the company. We know that there is an executive director who must be there when the cheques are signed. I gather that his appointment was approved by the council, but the minister was sufficiently candid earlier that he admitted he was not sure of the state in which the council is today. Surely, on a matter that has involved the time of so many members these last few weeks we should not be treated as if we were in effect, voiceless members. The "Perils of Pauline" do not start to match some of the weird and wonderful things that have happened in the CYC recently. The minister has not consulted, co-operated or spoken to the opposition House leader or to any of the responsible members. Perhaps he has not even spoken to his own members, so that they do not know what is in the minister's mind.

It is an insult to this House to be faced with this proposal with no preliminary explanation or background when such knowledge would help to pass the bill expeditiously. If the situation is as acute as the minister said it is, then it certainly should be passed expeditiously.

We on this side of the House are not in favour of appointing a financial comptroller and we are not in favour of hearing the CYC story by instalments. We do not know what is in the Minister's mind right now. Perhaps he will change his mind and something else will come up by the end of the week. There is nothing on which we can base an opinion on this bill, except for the committee report. The minister knows full well that the committee did not recommend the appointment of a financial comptroller. Its fundamental recommendation was the establishment of a trusteeship. The minister's recommendation therefore is an insult to the House. He did not explain the government's policy with regard to the CYC or the government's views on the recommendation of the committee.

I believe that hon. members opposite should be as irritated as are some hon. members on this side. The minister should at least have treated his own members to some consideration and a rationalization of the government's decision not to proceed along the lines of the recommendations in the committee's report. The minister did not even use the excuse of lack of time.

An hon. Member: That is participatory democracy.

Mr. Nowlan: Yes, so it is. We on this side of the House complain, but I am sure that some hon. members opposite have real doubts about the CYC as it is presently incorporated and I wonder whether the minister has taken them into his confidence. I am sure that the minister does not appreciate Parliament at all but, what is perhaps more fundamental is that the CYC is dead in fact if not in law, no matter what the government decides.

I am not asking for good manners; I am asking for common sense from the government. If the minister wanted to get this bill passed today, first of all he should have realized how volatile the situation is and recognized that the events over the weekend did not help the CYC or the minister today. He should remember that last Friday we co-operated by waiving the 48 hours notice so that we could have a debate on the CYC today. We fully expected some communication between Friday and today but all we got were rumours from the newspapers. We are starting to wonder whether they are correct

in view of the CYC activity over the weekend; the dismissals, the qualified resignations, and the *de facto* resignations. This whole sad story cannot help but adversely affect the purpose and ideals of youth taking part in social actions in communities across this country. This is the government that is justifiably being criticized for using the constitution as a defence for not taking action in cities through social agencies of the federal government to help the youth do good works.

Since the minister will not say, we do not know whether he intends to do a patchwork quilt resurrection job. In his wisdom, perhaps he will come up with something the night before Christmas. At least we know what will happen the night before Christmas so far as Santa Claus is concerned, but we do not know what the minister will say. What he has said so far with regard to a company which has been found to be in a chaotic state and which has become even worse over the last week end is an insult to the House. The minister proposes the appointment of a financial comptroller of the CYC. That would be just the same as applying a tourniquet to a man's hand when his leg has been battered and perhaps he is bleeding to death. It is like turning off the tap while the house is burning down.

An hon. Member: That is great.

Mr. Nowlan: I'll be greater once I get going.

An hon. Member: You have a long way to go, Pat.

Mr. Nowlan: There is a lot of ground to cover when we are faced with this type of attitude from the minister. I feel sorry for him because I do not think he really appreciates what he is doing here. I think he may have good intentions but I cannot fathom his motives. The sad thing is that he does not appreciate what is happening. If there is a chance to rescue the CYC in the way the government intends, he will kill that chance if he does not start to take the House into his confidence. His failure to consult with anyone on this side of the House will have this result.

• (3:40 p.m.)

I said earlier, Mr. Speaker, that we are against an open-ended appointment for a comptroller. What would an open-ended appointment accomplish, Mr. Speaker? Let us take a look at the record as it stands to date. In effect, what we have here is another insult to Parliament in a general way. Under the amendment proposed by Bill C-171, one man will be appointed by the government on a practical basis. This one man is going to control the purse, and he may completely reform the CYC as long as he stays on the job. He will be able to do so because he will have all the control over all the money. It must be remembered that the bill establishing the CYC was passed unanimously by Parliament. It is now a general insult to Parliament to introduce this bill today, without any real explanation of what lies behind the government's intention.

The government in effect is saying, "Give us a blank cheque; things are in a mess." If things are in such a mess why didn't the minister come to us, consult us, and possibly we could have helped him out by passing this bill in five minutes. Instead the government says, "Things are in an absolute mess. We are going to appoint one man as comptroller." Because of the practical power that this man will have he could in effect rewrite the whole CYC Act.

We on this side of the House are not willing to give one man power to rewrite a statute unanimously passed by Parliament, particularly when we have been given no real explanation and the minister has not taken the House into his confidence by telling us what he has in mind. Perhaps the minister will bring in a more comprehensive amending bill before Christmas. But he has not told us he will. If so, will the comptroller stay in office? Will he continue to exercise full power? I do not know, and the minister has not told us. As I say, Mr. Speaker, we are completely against an open-ended appointment for a controller, and against the insult to Parliament that such an appointment represents because in effect such a comptroller could rewrite the CYC Act.

We intend to move a couple of amendments, if necessary, Mr. Speaker. One will propose a time limit on the comptroller's appointment. In summary, we believe that the concept of the CYC is still valid, but it will not remain valid long if we try to revise the CYC charter in a haphazard way. At present the CYC, as a social development agency, has lost its credibility, in large measure through no fault of its own. We should recognize that reality, terminate the CYC and get the government to use the experience of the past three years in such a way that a constructive agency can develop and become credible across the country.

If there was any doubt about this alternative, surely the weekend's activity must have

corrected it and must have clearly illustrated this blind tunnel vision. On September 29, the minister issued a statement when he appointed five members of the first permanent council of the CYC. I am sure he knows what I am going to read. After setting out the names of the appointees as Lloyd Axworthy, Jeannette Corbiere, Michael Kirby, Shawn Sullivan and one other, the report of the minister's statement read:

"The formative period of the Company is over," said Mr. Pelletier... "These appointments are proof of the government's confidence in it."

That is a pathetic statement to confront the minister with today in view of the fact that, according to the press, three of the people he appointed have written him to say that the government should take over the whole CYC council, and that there should not be just a comptroller appointed. What is the minister's reaction to that suggestion from three of his appointees? It is a sad commentary on his judgment that he could say on September 29 that the formative period of the company was over.

We have only to look to one other person to see the reality of the situation that exists. To support the argument that we should not have a patchwork quilt approach, or a stopgap procedure to amend policies that should have received attention two or three years ago when this matter first bubbled and simmered, we have only to look to a man who is a friend of many hon. members opposite, a great Canadian, Mr. Duncan Edmonds. He has as much faith in the concept of a social agency working through young people as anyone else, including the minister or any members on this side of the House.

Mr. Edmonds, who in the past was quite active in politics and who has not been a friend of my party, said at a press conference in Ottawa, as reported by John Walker in the Ottawa *Citizen* of December 6:

—the proper thing to do is what the Tories suggest: Stop it (the CYC), use the lessons learned and find other ways and means of harnessing youthful energies for social action.

Some hon. Members: Hear, hear.

Mr. Nowlan: It so happened that Mr. Edmonds and I issued statements on the same day. This was not the result of consultation between us, but we both urged the same thing. In the Conservative party statement on December 5 we maintained that certain members of the Privy Council office affected the CYC concept in its very beginning, and this was one of the reasons the whole thing went on the rocks. I do not want to quote too much from Mr. Edmonds' statement, but once more I refer to the minister's statement that the company's formative period was over. I suggest it is time for the minister to have a realistic look at the CYC in its present state, and as minister of the Crown responsible for public funds he should call a spade a spade and phase out the company so that its objectives can be achieved by another viable agency.

Also in our statement of December 5, we said that in addition to the failure of the previous administration to follow the direction of Parliament there was the difficulty that the Company of Young Canadians was run by a provisional council from its inception on July 11, 1966, to October 4, 1969. This three-year period of stewardship was the incubator for the present problems of the company. The government cannot escape its responsibility for failure to provide sufficient support to the company at that time. We also said:

A quick perusal of the shortcomings, as set out in the report, reveals as sad an indictment of mismanagement and lack of control in a federal agency, rarely seen, if ever admitted.

While the minister says it is not a federal agency he cannot avoid this description through semantics. The Company of Young Canadians was formed by Parliament. The minister makes appointments to its council. Therefore, it is some type of agency under the auspices or aegis of the government.

I do not want to go over all of the points that we made in our statement in December. Perhaps we shall make them later when we debate the bill, if ever we debate it. But the report by the House of Commons committee is a sad commentary on the lack of direction and leadership given to this challenging agency. We believe therefore, and for a variety of reasons, many mentioned in the report, that the company is no longer a credible creature for social action at the community level and, since fundamental legislative changes are necessary, that the company should be phased out and the federal government employ an independent body to review the experience of the past three years. It should consult with those involved and with other agencies regarding the original concept of social action and youth in government to give voice to concepts to be carried out by that organization without the liabilities of the old. If there is any question about the liabilities, surely that doubt was removed by the activities of the weekend. Even yet, we do not

Division

know what state the council is in or who is actually in control.

• (3:50 p.m.)

Although the minister made no mention of this today, we understand that he has a 12-man task force reviewing the whole concept of how youth can be involved in government processes. This is obviously a national study to integrate all the studies of the Company of Young Canadians to see how youth can be involved. Perhaps at a later stage the minister is going to take us into his confidence and tell us more about it. For all these reasons nothing is more naïve, more idealistic, than to think that a parliamentary committee which only sat intensively for three or four weeks can right the wrongs and recommend policy changes which others more intimately involved for the whole period, failed to recognize.

Despite the good intention of many volunteers, the company has a bad reputation and this will not be corrected by legislative changes. It will be feared that a comptroller, labouring with the present problems of the company, could pollute and pervert the original concept. It is time to be realistic, not idealistic. Call a spade a spade, that is what we have to do.

Because of the unsatisfactory explanation given by the minister of the reasons he wants a comptroller and even though he says there is going to be a further bill by the end of the week, I should like to put him on notice now that there are several amendments to Bill C-171 which I should like to move later. Perhaps this will give the minister an opportunity to consider making a more satisfactory and detailed statement of the intentions of the government. I should therefore like to move, seconded by the hon. member for Peace River (Mr. Baldwin) that the debate now adjourn.

The Acting Speaker (Mr. Béchard): Order, please. It has been moved that the debate be now adjourned. Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion, the nays have it.

[Mr. Nowlan.]

And more than five members having risen:

The House divided on the motion (Mr. Nowlan) which was negatived on the following division:

• (4:00 p.m.)

YEAS

Messrs:

Aiken
Alexander
Baldwin
Bell
Bigg
Cadieu
Coates
Comeau
Crouse
Danforth
Downey
Fairweather
Forrestall
Hales
Hees
Howe
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis
MacLean
Macquarrie
MacRae
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mazankowski
Moore
Moores
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Nesbitt
Nowlan
Paproski
Peddle
Ritchie
Schumacher
Scott
Southam
Stanfield
Stewart (Marquette)
Woolliams—47.

NAYS

Messrs:

Allmand
Anderson
Andras
Badanai
Barnett
Barrett
Basford
Beaudoin
Béchard
Beer
Benson
Blair
Blouin
Borrie
Breau
Brewin
Broadbent
Caccia
Cadieux
Clermont
Corbin
Côté (Richelieu)
Cullen
Cyr
Danson
Deachman
Deakon
Douglas (Nanaimo-Cowichan-The Islands)
Drury
Dubé
Duquet
Émard
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Gleave
Godin
Goyer
Greene
Groos
Guay (St. Boniface)
Guilbault
Haidasz
Harding
Hellyer
Hogarth
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jamieson
Kierans
Knowles (Winnipeg North Centre)
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Laprise
Leblanc (Laurier)
Lessard (Lac-Saint-Jean)
Lewis

Macdonald (Rosedale)	Richardson
MacInnis (Mrs.)	Roberts
Mackasey	Rochon
McBride	Rose
McIlraith	Roy (Timmins)
McNulty	Roy (Laval)
Mahoney	Saltsman
Marceau	Sharp
Marchand (Langelier)	Smith (Northumberland-Miramichi)
Marchand (Kamloops-Cariboo)	Smith (Saint-Jean)
Mather	Stafford
Mongrain	Stanbury
Morison	Stewart (Cochrane)
Munro	Stewart (Okanagan-Kootenay)
Murphy	St. Pierre
Noël	Sulatycky
Nystrom	Tétrault
Olson	Thomas (Maisonneuve)
Orange	Thomson (Battleford-Kindersley)
Orlikow	Trudeau
Osler	Turner (Ottawa-Carleton)
Pelletier	Walker
Penner	Watson
Pepin	Whelan
Perrault	Whicher
Peters	Whiting
Pilon	Winch—122.
Prud'homme	
Reid	
Richard	

• (4:30 p.m.)

Mr. David Orlikow (Winnipeg North): Mr. Speaker, it was indeed a queer speech we heard from the Secretary of State (Mr. Pelletier) when he spoke on this bill. This is a subject which has captured the interest and the attention of the Canadian public. The newspapers have been filled with articles about it and the press gallery had five or six times as many people in it when members were speaking about this company than it usually has. The committee met for three weeks, morning, afternoon and evening in order to complete its work. What we got from the minister was a five minute statement in which he rejected any attempt to explain what the government's position was on those basic issues which have been raised on the supposed incompetence of the CYC, to say nothing about the more serious charges against this organization.

In bringing in this bill, the minister implied it was a relatively minor measure. I should like to point out later that it is much more serious than that. What the minister has asked is that the members of this House and the public should buy a pig in a poke on the basis that sometime before Christmas the Government will ask for first reading on legislation dealing with substantive amendments to the act which established the CYC. In view of this, the minister suggests we ought to let this bill go through very quickly. We on this side of the House are not disposed to co-operate with the minister and the Government in this regard.

One might think when listening to this debate here today that the Company of Young Canadians is on trial. In my opinion, it is not the Company of Young Canadians which is on trial here today because of its incompetence or other alleged misdeeds, it is the Government of Canada which is on trial for the way in which it has mishandled this matter right from the beginning.

When the original legislation was brought in establishing the Company of Young Canadians there was not too much debate. There were fewer than two dozen speeches made by members of all four parties. Those speeches, almost without exception, were 100 per cent in support of the idea and the principles incorporated in the legislation. There was no recorded vote when this measure was passed. There were some interesting things said on that occasion. This is what the then Prime Minister, Mr. Pearson, said about the Company of Young Canadians:

> —it is my hope... that the Company will have a useful, exciting and innovating role to perform... the bill embodies that principle... the need for the Company to have the maximum degree of independence and flexibility.

Speaking for the official opposition, the then hon. member for Qu'Appelle, Alvin Hamilton, said:

> I believe that great good both at home and abroad can come from this kind of legislation.

My colleague the hon. member for Greenwood (Mr. Brewin) endorsed the idea and indicated that our party had supported this from the beginning.

I think the record is now clear that the reason for bringing forward this legislation to establish the Company of Young Canadians was not as simple and not as ideallistic as indicated by the then Prime Minister. Along with the idealism there was a good deal of cynicism and political opportunism. The then Government of Canada recognized the tremendous appeal President Kennedy had generated when he proposed the war on poverty, the establishment of the Peace Corps for external services and the VISTA organization for service in the United States. The Government, and the people behind this idea, thought that this was something from which they could gain because it was something the young people might accept. In any event, the Government brought in legislation to establish this company.

The Government had not decided precisely what it thought this organization could do. It had not thought through the functions it would perform and had not set the qualifications of the volunteers who would be taken on staff. As a result, this company has been in trouble ever since its establishment. The fact that it was politically close to the Prime Minister and the Liberal party can be proved very simply by considering the original board of directors. This board functioned right up until a few months ago. On this board from the Prime Minister's office and the Privy Council was Mr. R. J. Phillips. I believe he was the person who originally thought of this idea. Also on the board was Mr. Lalonde, one of Mr. Pearson's principal advisors and now the principal advisor for the present Prime Minister (Mr. Trudeau). Mr. Tim Reid, a member of the provincial parliament of Ontario and a Liberal was also a member of the board of directors. These people were on the board from the beginning and most of them served until the end.

Right from the beginning, complaints were made public and privately about the difficulties the company was experiencing. There were also complaints about problems regarding organization and a lack of a spelling out of company programs and concepts. One of those who expressed the earliest reservation was Douglas Fisher who, in a column which appeared in the Toronto *Telegram* some years ago, said that this was a group which rejected structure organization and discipline, expertise and professionalism. He went on to say.

• (4:40 p.m.)

It seemed to me that this could be a pooling of ignorance in the magic name of youth, using the critique of society and the methods of the New Left.

That was on August 4, 1966, more than three years ago. That was said publicly. Privately, the government had the same information. On the original provisional board was a representative from Halifax, Mr. Lloyd Shaw, whom I am sure most members from the maritimes know. He came to Ottawa in early 1966. He visited me and expressed in some detail his disillusion with the way in which the company was operating. Because I, like other members of my party and all members of Parliament, believed that the idea of establishing the company was a good one and because I did not want to make the information he gave me part of what might be considered to be partisan politics, I did something which for me is not usual. I arranged to meet with Mr. Phillips who is now in the Privy Council and was then on the board. We spent more than two hours discussing the things Mr. Shaw had told me and things which someone who had come from Winnipeg to be on the staff of the Company of Young Canadians had told me. Mr. Phillips listened to me and told me that some action would be taken. No action of course was taken.

Again, Mr. Shaw came to see me in January or February of 1966. He came with the intention of resigning from the board because of its incompetence. I suppose I made a mistake; in retrospect, I am sure I did. I persuaded him not to resign at that time in the hope that Mr. Phillips and others could get some action taken. Mr. Shaw waited. No action was taken and he resigned in, I think, July of 1966. His letter of resignation to the Prime Minister, in which he spelled out his reasons for resigning, was marked confidential and I have no intention of quoting from it, but when he spoke to me first I did make some notes of the difficulties he saw. I have those notes and I should like to put them on the record to make clear that the things which the committee dealing with this problem heard last month were known or should have been known to the government three years ago. It is an insult to the Canadian people that the government took no action to straighten out matters concerning things which were known about the company at that time.

Here are some of the things Mr. Shaw told me. He said that very few of the projects which had been established were successful. He mentioned that many at that time had already folded up. Many more of course have folded up since then. He said there was no method in choosing the projects. Members of the committee will, I am sure, agree, having heard a great deal about that almost three years later. He said the project organizers were being asked to function in unstructured situations. If they were to be successful volunteers were required who had a great deal of experience and training, which experience none of these volunteers had. In other words, the projects were doomed to failure almost from the beginning. He discussed the continuous deadlock between the staff, the volunteers and the central staff, meaning the directors. Does that sound sincere to the members of the committee? Three years later the situation was still the same. He pointed out that when the permanent council was set up the appointment of 10 of the 15 members

of council from the volunteers would compound the difficulties of the company. The warning was there.

What happened? The government really paid no attention to Mr. Shaw's criticisms. Having established the Company of Young Canadians, as I say in a political way in order to get political advantage from the idea, the government as I pointed out put Mr. Phillips, Mr. Lalonde and Mr. Reid, who resigned somewhat earlier, and the other two on the board. I presume correctly that they were to hold a watching brief and to report to the Prime Minister who was then responsible to the cabinet. If they did not report, then certainly they were derelict in their duty. But I know these gentlemen and know they are competent, so I suggest they did report to the government. I say that if the company has made mistakes and has been to a large extent ineffective, the government is responsible more than anybody else because the government could have and should have taken steps to change the situation.

As I mentioned at the beginning members of this party supported the principle of establishing the Company of Young Canadians. We still support the original principle. There has been a good deal of criticism. We heard it from the President of the Executive Council of the city of Montreal, Mr. Saulnier, who complained particularly, among other things, about the fact that the company was helping organized groups in some of the urban renewal districts in Montreal fight the administration. Of course he did not like that. I believe this was a worthwhile objective. I said this before the committee and I say it again here. I repeat that this is something which should be done in every city, including a city like Toronto which also has urban renewal projects and has people who feel they need somebody to speak for them and help organize them. Even though the city of Toronto has a mayor who is a member of the New Democratic party, I think this is something that is needed in that city and I will fight for it.

Certainly, I say we need to blame the government. All the charges which we heard in the evidence before the committee were old hat. There was really nothing new except the charge of Mr. Saulnier that in the city of Montreal some of the volunteers were carrying on activities which, if not subversive, were pretty close to it. The remainder of the complaints were criticisms such as Mr. Shaw made and which others have made publicly almost from the beginning. The government should have acted.

As I say, we support the principles on which the company was established. We support the idea of an agency with volunteers independent of Parliament and independent of government which can do worthwhile work both in servicing and helping establish agencies for social action or, as they call it in Quebec social animation, in order to help people enunciate and express their difficulties to government and other agencies. I am all for that, Mr. Speaker.

What I object to about the Company is the type of thing which arose, which Mr. Phillips, Mr. Lalonde and Mr. Reid could have stopped had they supported members of the provisional board such as Mr. Shaw. The principle evolved over the years. It was not just that the company was independent of government policy and the minister but that the volunteers by themselves were independent of the board and the director. The volunteers did not have to account to anyone. I do not have time to go into the detail, but the minister knows about the resignations which took place over this past weekend from the board because two volunteers involved in two projects in Toronto did not feel the board had a right to arrange for their projects to be evaluated, even though the evaluator himself was a volunteer.

• (4:50 p.m.)

I say that under those circumstances, in view of that kind of Alice in Wonderland organization, it is not surprising that there had been criticism of the company and of the fact that the company has had a new director virtually every year. In fact, I am surprised that the company has functioned as well as it has. I want to state for the record that in my opinion, while there is a good deal wrong with the company, it has done a number of effective jobs. I will mention just a few of them. I am sure that other members can speak about their own areas. In Montreal there was the ACEF project which still exists today. A large number of volunteers have worked there with low income families on problems of budgeting and financing for the last couple of years. This project was initiated by former associates of the minister in the CNTU in Montreal, and it has been a very worthwhile one.

In Calgary, there was the NOW project which began by one volunteer organizing citizens in a redeveloped area. This resulted in a city wide organization concerned in welfare, education and housing for poor people. It is the kind of project which I would like to see duplicated in virtually every big city in Canada.

In the Great Slave Lake area, volunteers have worked in a number of communities providing the native people with research capabilities into treaties and native rights. In addition, they established an Indian school run by the Indian School Board to meet the needs of native children.

These was the housing project in Vancouver where volunteers have been working with the tenants' association developing a number of programs and working in particular with mothers on welfare, assisting them to become less dependent through training.

These are just a few of the projects. But having said that there are some good projects, we also have to face up to the fact that a large number of projects were ineffective, were poorly conceived and had no real supervision or effective evaluation. In my own city of Winnipeg we have had three or four projects, not one of which is in existence at present. There is little or no evidence that any of them really accomplished anything, because, as Mr. Shaw warned back in 1966, the volunteers simply did not have the background or the experience to carry on effectively in the kind of unstructured project in which they were put.

If the company is to survive, and we in this party believe that it can play an effective role, its role, the kinds of projects, the qualifications of the volunteers, and the supervision and the evaluation of the projects, have to be specified because the volunteers cannot be blamed if they are not.

The role of the director needs to be clarified. What right has the director to supervise the projects, to arrange for the evaluation of the projects, or to stop a project if he feels, on the basis of the information he has, that it is not working the way it is supposed to work? The committee looked through the minutes pretty carefully and all the evidence shows that time and time again volunteers have said in effect to the director: "We do not have to take any advice or orders from you". When the director tried to exercise his authority, the volunteers ran to the permanent council and got it to revoke the decision and the recommendation made by the director.

I admit that, to the extent that I voted for the original legislation like other members of parliament at that time, I am responsible for permitting a permanent council to be established, 10 or 15 members of which are elected by the volunteers. I have been told by some people closer to the government than I am, that the original thought of the government was that the volunteers would elect as members of the council people active in the community or leaders of the projects. I do not know whether or not that is true, but I know what the volunteers did. Of the members elected by the volunteers, six are volunteers and two are ex-volunteers. Think of what has happened, of the log rolling that has been going on; the "scratch my back and I'll scratch yours"; the business of "you support my project and I support your project and both of us will cut the director's throat". That is precisely what has happened, and we can document it.

There was, for example, the project in Montreal called the communications workshop which the present director wanted to phase out and which the permanent council vetoed. There was the Toronto development project, to which I will come back in a few moments, to work among the Italian immigrant community which the present director wanted to either phase out or curtail and which the permanent council has continued. This is the kind of thing that has been happening.

I say seriously to the minister that we will continue to have problems unless and until the minister says to the members of the House and to the public: "I know what is going on from information which I have received from various sources, including information which the committee was able to get in the short period when it held hearings. I know what is wrong, and in the legislation which I propose to bring in, and which should be given first reading before Christmas, I propose that the following things be done".

I am not saying that we need to see the legislation word for word. I am saying that the minister should have told us today what his general intentions are; how he intends to change the organization of the council; how he intends to spell out the role of the council and how he proposes to define the function of the director so that we, the volunteers, and the council of the company would know what its role and functions are. The minister should not have come here today to ask us to buy a pig in a poke.

Having said this about the general principles which I think are important in connection with how the company should function in the future if it is to fulfil a useful role, I want to deal for a few moments with the provisions of the bill which the minister proposes. However, Mr. Speaker, I see it is five o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Oshawa-Whitby (Mr. Broadbent)—Regional Economic Expansion—Hawkesbury—Grant to Duplate of Canada—Loss of jobs by Oshawa employees; the hon. member for Mackenzie (Mr. Korchinski)—National Film Board—Reconsideration of order levying charges for use of films; the hon. member for Darmouth-Halifax East (Mr. Forrestall)—Labour Conditions—Fairey Aviation lay-offs—Income maintenance benefits.

• (5:00 p.m.)

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, Notices of Motions.

PRIVATE MEMBERS' MOTIONS

REGIONAL DEVELOPMENT

SUGGESTED INCLUSION OF RENFREW AND LANARK IN DESIGNATED AREA

Mr. Murray McBride (Lanark and Renfrew) moved:

That, in the opinion of this House, the government should give consideration to the advisability of including the counties of Renfrew and Lanark as a suitable and necessary extension of that portion of North-Eastern Ontario which is now a designated area under the provisions of The Regional Development Incentives Act.

He said: Mr. Speaker, the purpose of this motion is to provide an opportunity for me, along with the hon. member for Renfrew North (Mr. Hopkins) to say publicly what we have been saying privately for many months. The target of our exercise is the Minister of Regional Economic Expansion (Mr. Marchand) and the officials of that department who determine what areas of Canada should be included as designated areas under the Regional Development Incentives Act, and what areas should not be included.

I have tried for many months to find out just how the final decisions were determined. The answer to that question, I am sorry to say, depends upon the person to whom you talk in the department or in the minister's office. For example, I was told some weeks ago that the province of Ontario was considered on the basis of the ten large economic areas already established by the province and used for most studies and considerations of regional needs. As such the whole of eastern Ontario was considered, for the purposes of the Regional Development Incentives Act, as one single unit. This unit is commonly known in the publicity of the Eastern Ontario Development Council as the "Golden Triangle," a term that may seem a misnomer in lieu of the fact that too much of the gold in "them thar hills" is still strictly in "them thar hills" in spite of the articulate planning and boundless efforts of the Ottawa Valley leaders who seek to liberate some of those nuggets.

I was told by one official of the department that in terms of the measurable indices used to determine what areas should qualify under the Incentives Act, all of eastern Ontario, that is, an area bounded by the Ottawa and St. Lawrence Rivers and extending west to a north-south line just west of Kingston and east of Mattawa, averaged out at 105 and 106, just slightly above the national average. When I attempted to get the figures used I was further informed by the minister's office that areas were designated as a matter of judgment in the final analysis; that no new studies were done, and that cabinet decided what areas should be in and what should not be in, to the extent that money allowed. Mr. Speaker, such explanations are not good enough.

Such actions and designations should not be a matter of decisions made without serious studies of the facts, but rather decisions made after serious and appropriate analysis that will stand the scrutiny of any reasonable citizen of this country, to say nothing of being able to stand up to the scrutiny of any member of this House and of the thousands of Canadians for whom he is the spokesman.

The counties of Renfew and Lanark do not constitute a bleakly hopeless and depressed area. Let me set the record straight on that. We are not hopelessly poverty stricken, and there are valid reasons why we are not. We have some magnificent assets. Chief among them is the fact that we have people who are willing to work, and work hard for industrial and economic development. I want to illustrate this by quoting at some length from the "Final Report and Recommendations for

Industrial and Economic Development in Renfrew County," prepared by a special study committee and published in May, 1969.

The committee strongly suggests that the need for economic development in Renfrew county is obvious. Present and past activities in development of the county bear absolutely no relationship to any realistic appraisal of need.

The common objective of the development programs should be to obtain from internal and external sources—

In other words, we are willing to help ourselves.

—the calculated decision to invest capital in the identified potentials within the area.

The identified potentials such as manufacturing, resource industry, commercial, residential or recreational must be marketable.

The report continues:

This must be a "self-help" program. Even if the county had a million dollars a year to spend on development, it could not hire men capable of making the contributions that an active, alerted county and its citizens could make—

And I might add are making, and will make.

—through a county development organization.

All that I have said concerning Renfrew county applies equally to Lanark county and the mood of most leaders there. The hon. member for Renfrew North and I are not the spokesmen for a population that refuses to do anything for itself. These people are working. They look to government, both provincial and federal, to help but have received no help from the Incentives Act. When Mother Hubbard went to the cupboard it was all too bare.

I want to present the House with some facts that bear directly on the area referred to in this motion. In the province of Ontario there has been a rather marked shift in population, going back even to 1901. From 1901 up to the most recent figures available, the population of the province of Ontario increased by 186 per cent. In the county of Renfrew it increased by only 70 per cent, a growth rate of only about one-third the provincial average.

Recent figures show a marked decline in farm population which is now only about 12 per cent in Renfrew county, a county traditionally known as an agricultural county. Technological advances in agriculture are forcing the smaller farmer into other work, but what work, and where can it be found when in such a situation we have no incentives for industrial development forthcoming from the federal level?

At the Eastern Ontario Regional Development Association Conference held in Ottawa in the fall of 1965 it was predicted that Carleton county's population would double by 1986; that Renfrew county's population would increase only very slightly, and that Lanark county's population would probably decline. As long ago as 1965 the percentage of the labour force engaged in mining, agriculture, fishing and trapping was experiencing serious declines of between 20 per cent and 40 per cent. This just bears out what I was saying earlier, Mr. Speaker, that new and suitable industrial development is needed, has been needed, and will be needed.

In particular, this means industry that can provide employment for the labour force which is already resident there, that can take advantage of the good water and good land resources, and use the main product that is available, namely, forest cover and forest stands from which the higher quality tree species have already been logged out. The labour is in eastern Ontario, and the will and the resources are there. But we are somewhat off the main transportation arteries, and we are somewhat remote from markets. In addition, the required aid at the federal level has not been forthcoming.

There are only about 60 per cent as many high wage earners in Lanark and Renfrew as there are in the province of Ontario on average. One survey a few years ago found that 10.4 per cent of all workers within the province made more than $6,000 a year. Only a half of that, only 5.7 per cent in Lanark and 6 per cent in Renfrew make more than $6,000.

I have in my hands here the actual map which delineates the areas that were included under the Incentives Act this year. It would seem to me that the area designated in Quebec follows for some distance the Ottawa River from Pembroke to Fort Coulonge, and goes up to Mattawa before it enters the province of Ontario. There was great concern on the department's part to draw straight and definite lines, but the only place where the map shows straight lines is in the maritime provinces, where the whole region is designated. It would therefore seem to me that what I am really fighting for could have been accomplished by using the Madawaska River instead of the Ottawa River as the original line of demarkation. The regulations under the Regional Development Incentives Act lists some 15 exceptions; that is types of work to which the act does not apply. Included are things such as transportation, farming, primary production, construction, grinding, mixing, etc. Many of these are the very concerns that we have in Lanark and Renfrew

but there remain some important industrial needs which could have been aided by this incentives act but for which we did not receive any aid at all. We were left out.

• (5:10 p.m.)

As you well know, Mr. Speaker, the area of Sudbury-Copper Cliff is included, as is Sault Ste. Marie. The latter is on the seaway, of course, but unlike Renfrew and Lanark both Sudbury and the Sault Ste. Marie areas are high wage areas and all are remote from the large consumer centres. Sudbury and the Sault of course, already have large industries established there.

Next, I would draw your attention, Mr. Speaker, to the Saguenay area in Quebec. This is a designated area where like the Sault and Sudbury, corporations have been established. No doubt the Saguenay needs help but we in Lanark and Renfrew have no corporations and we have a lower average wage rate than Sudbury, the Sault or the Saguenay and an agricultural base that is being rapidly phased out. Yet, in the judgment of some unknown persons, we did not merit designation. The incentives act gives people of initiative the opportunity to help themselves. In our area we have the people of initiative and we want this opportunity.

That portion of eastern Ontario which lies beyond the immediate environs of Ottawa has all the problems of the north but is denied the remedies. It does not have the population nor the industrial base of southwestern Ontario but, for the purposes of this act, for some strange reason it is considered in the same class. According to the Department of Regional Economic Expansion, this region is too wealthy to be considered poor. I would suggest that it is too poor to be considered wealthy. In fact, most of eastern Ontario is like an abandoned wife. If she is to have any dignity she must create it on her own; having neither the husband of an industrial base nor the assistance of being a designated area, she is numbered amongst the forgotten.

Agriculture is in a state of revolution; the big get bigger and the small get smaller. Marginal farms in counties like Lanark and Renfrew are suffering the most. Our agricultural population is down to 12 per cent. Agriculture will go from 7 per cent to 3 per cent for the nation and probably equal the United States where about 1 per cent of the population is now involved in primary production. In situations like the one existing in Lanark and Renfrew, large numbers of Canadians run faster to make less.

In eastern Ontario we have the labour; water and land supplies are there. We even have houses in many areas, the lack of which we hear decried many times in this House. We have lots of housing; there are rural farm houses standing empty because of lack of population. We have the houses but we do not have the work.

The whole situation is well summed up by a poet who has become famous as a champion of the underdog. In this sense, I should like the House to recognize that in our area we feel very much the underdog. The poet is Langston Hughes and he writes:

What happens to a dream deferred?
Does it dry up
Like a raisin in the sun?
Or fester like a sore—
And then run?
Does it stink like rotten meat?
Or crust and sugar over—
Like a syrupy sweet?
Maybe it just sags
Like a heavy load.
Or does it explode?

For those determined officials in Lanark and Renfrew counties it is not so much a case of explosion as it is being burdened by an unduly heavy load. It is not so much that there is no dream to develop our potentials but rather that we are sick and tired of having this dream deferred, deferred and deferred again. For this reason, Mr. Speaker, I would ask the indulgence of the House to give favourable consideration to this notice of motion.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I should like to begin by expressing my sincere regret that the Minister of Regional Economic Expansion (Mr. Marchand) has not found it possible or necessary to be here to listen to this very eloquent appeal, to which I am going to add my own remarks in connection with the adjacent area lying within the same regional boundaries as those mentioned by the hon. member. I regret that even the Parliamentary Secretary does not appear to be present. It makes one feel that our pleas for reconsideration of the boundaries laid down under the Regional Incentives Act are falling on deaf ears. I am rising to speak in this debate because I have a great deal of sympathy with the motion made by the hon. member.

The Parry Sound-Muskoka region, in common with the Renfrew-Lanark area, has the geographic misfortune to lie somewhere

between southern Ontario and northern Ontario. It seems that we get the disadvantages of one at the same time as the disadvantages of the other. We never seem to come within the charmed circle of being called northern Ontario or southern Ontario. When northern Ontario is referred to we are ruled out because the line is drawn to our north; when southern Ontario is referred to we are ruled out again because the line is drawn to our south. This is just one of the problems that our regions have to deal with and is particularly apparent in connection with establishing the lines for the incentives plan.

When a delegation was here recently, Mr. Speaker, in connection with a request to include the Parry Sound district under the regional incentives program, it was very obvious that the minister either had been badly misinformed about the situation in central Ontario or that the figures provided him were incomplete. Incidentally, I am referring this directly to the motion because it lies in the same area and immediately adjacent to the one now under discussion. The minister said to the delegation which came from Parry Sound, "You have not got too much to complain about. I have the figures here and you people have had 17 new industries in that area, creating 400 new jobs so what are you complaining about?" It just happens, Mr. Speaker, that the area he was referring to was not anywhere near the location of the people in the delegation. In fact, the whole of the Parry Sound district had not received any benefit under the previous plan.

• (5:20 p.m.)

Having based his conclusions on faulty figures, as the minister undoubtedly did in this connection, he ignored his having received false or incomplete information and said, "Well, this is too bad, but we have drawn our lines and must abide by them. If I make one change, I am dead and the expansion program will fall to pieces." I do not think this is the case. Though the Minister of Regional Economic Expansion may have drawn these lines, that should not make him intransigent on the question of reconsidering them. Cases involving difficulties will be put to him, although I do not think there will be as many as he thinks. Nevertheless, certain areas contiguous to the ones which have been spoken about could logically be included in the program. I think it is bad policy, bad politics and bad public relations for the minister to adopt his present attitude and say, "I am not going to change; I do not care if your argument is good or bad because I have made up my mind and I am not going to change these lines for three years. I do not care if Lanark, Renfrew, Parry Sound or the Muskoka region can show me that there is a real need: That is not important. What is important is that I have drawn my lines, and there they shall stay."

That is a bad attitude and has already begun to work to the disadvantage of those regions the hon. member mentioned. I say that because our rate of economic growth in those regions is very slow. The rates of unemployment were high enough, the wages of workers low enough and the volume of industry within the area was such that this region, and I refer particularly to Parry Sound and Muskoka, was designated under the previous plan. The previous formula might very well be adopted again. As one crosses what I call the central Ontario band of country which lies south of the Mattawa and French rivers and north of the Severn river and the Trent waterway, one will find the situation does not improve. This region is as underdeveloped as most regions which have been included. We think it ridiculous that North Bay, which is near the ridings of both hon. members involved in this debate, should be designated, while Parry Sound district is not. That city has all kinds of industry. Sudbury, which is adjacent to the north end of my riding, is very well developed industrially. The city's entire economy is based on the development of the region. It has full employment and there is no real need for this plan in that area.

As one goes farther east, one comes to Montreal and Quebec City. I do not think they should really be classed as underdeveloped, yet the area lying between those two cities in Quebec, as well as the region immediately around Montreal has been designated. This is a bitter pill for the people of central Ontario, and particularly for the people of Parry Sound, to swallow. Just two weeks ago Parry Sound lost a $15 million glass factory. We had heard the announcement in July that the Glaverbel Glass Company of Belgium was to come to Parry Sound. At least, it was to be established within this central Ontario region near the town of Parry Sound, and we all thought that the decision was final. Unfortunately, after the new regional incentives lines were drawn, the company found that for a number of reasons it preferred to establish an industrial plant near Quebec City. Of course, we are glad that this plant has come to Canada and that Canadians will benefit by being employed in

it. But I do not feel that the federal government, through the medium of federal plans, should be responsible for redirecting an industry from one area of the country to another. In this case, the consequences have been particularly difficult for us.

As you are no doubt aware, Mr. Speaker, my remarks have been almost out of order because the hon. member's notice of motion refers particularly to the counties of Renfrew and Lanark. I nevertheless felt that the subject ought to be discussed because the people of my riding told me they did not see why they should be left out when other parts of Central Ontario are included in the plan. They felt particularly that the counties of Lanark and Renfrew had benefitted because Liberal members represent them in this House. Of course, I was able to assure my people that politics did not enter into the matter to that extent because all of us, no matter on which side of the House we sit, have been clobbered and that the minister will continue clobbering us because he will not change his attitude. At least the people of my constituency feel that others are keeping them company in their misery.

I will conclude my remarks by urging the minister, who is not here, to read the official record and reconsider his decision of not changing in any way for three years the lines he has drawn. If he does change them, I do not think he will be in as much trouble as he imagines. I do not think, just because one region of the country puts forward a good case for assistance and another region does not, that anyone will howl. Many regions will be disappointed, as we are now disappointed. Nevertheless, I think the minister should give Lanark and Renfrew a chance to prove their case and also give Parry Sound and the Muskoka area generally a chance to prove their case.

An hon. Member: And Cornwall.

Mr. Aiken: Cornwall should have a chance to prove its case. All the figures should be looked at, because only in that way can the Department of Regional Economic Expansion be made to function properly. I will put my region's case alongside any other region's, and argue the matter. Otherwise, if we are not allowed to do that, the prospects for the central Ontario region will be bleak indeed for the next three years. I hope that the minister, his parliamentary secretary or someone in the department will read my remarks as reported in *Hansard* and pay some attention to them.

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, I am very pleased to have the opportunity of speaking on this notice of motion. I congratulate the hon. member for Lanark and Renfrew (Mr. McBride) for bringing this matter before the House.

Some time ago I read in a book, the title of which I do not remember, a sentence that goes something like this: "Something that we must always remember is that our nation's future prospects are far greater than its problems." Let me say, Mr. Speaker, that if this nation's prospects are greater than the problems we face in the Upper Ottawa Valley, its prospects are golden indeed because we shall enter a golden age.

• (5:30 p.m.)

Several years ago I began working as a rural school teacher in Renfrew county. I know this area from one end to the other. When I began teaching I taught children whose parents were not earning more than $1,000 a year. Today there are many people in Renfrew County who are not earning more than $1,500 annually. I obtained some pertinent statistics from the Dominion Bureau of Statistics a short time ago. They showed that the town of Pembroke, which is the county seat, had the third lowest average weekly income in 1968 of any community in Canada west of the New Brunswick border. At the same time, municipal taxes in Pembroke were the third highest in the province of Ontario; only in the cities of Cornwall and St. Thomas were taxes higher. It is worth while making the comparison here: the third lowest income in Canada west of New Brunswick and the third highest tax rate in Ontario. It is no wonder we in the Upper Ottawa Valley feel frustrated and somewhat discouraged. I have another statistic which will strengthen my case. The DBS figures show that Pembroke is the only town in this whole area of central Canada whose population declined between 1961 and 1966; and I am speaking of the county seat of the county of Renfrew.

A short time ago one of the leaders of a municipality in this area came to see me and we had a meeting with officials of the Department of Regional Economic Expansion. He told us what was the main employment source in his area. He was then asked to name the second largest employment source. He replied that it was welfare. These are damning statements. This is why my hon. friend from Lanark and Renfrew (Mr. McBride) and I are bringing this matter to the attention of the House.

I should like to complete the record by quoting more of the statistics to which I referred a while ago. Victoriaville, Quebec, comes first on the list of communities with the lowest incomes in Canada west of the New Brunswick border. St. Hyacinthe is second, Pembroke is third, Midland is fourth, Moose Jaw is fifth; Granby, Quebec is sixth; Drummondville, seventh; St. Jerome, eighth; Magog, ninth and St. Jean, tenth. Yet some of these communities, which are lower on this list than Pembroke, have been classified as designated areas.

Members of this House will recall that three months ago I rose to criticize the CBC for taking a one-sided view of the forest industry in the Algonquin Park area of Ontario. It is obvious to many why I did so: forestry is one of the mainstays of the industry which at the present time provides us with employment. If people move in on us and apply pressure to destroy our basic industry at a time when we are getting nothing new, where will it leave the entire upper Ottawa Valley? I think it is time for people to stand up and be counted in connection with this effort to attract industry to eastern Ontario. I should like to mention that for the purpose of wage zoning in connection with the Public Service of Canada, the area of Pembroke, Pettawawa, Chalk River and Foymount falls between North Bay and Ottawa and has the lowest wage level of the three. In my opinion this is wrong, because it is merely perpetuating low wage rates and slow economic growth.

People travel from our area to places such as Kitchener to find employment. I believe the hon. member from Kitchener told me that less than one per cent of the work force there is unemployed. Many people travel from the upper Ottawa Valley to Kitchener, Toronto, Ottawa and North Bay to find work. This supports the argument put forward by my hon. friend from Lanark and Renfrew when he said we were not representing people who were unwilling to go out and help themselves. These men and women have proved they are willing to put forth an effort. Every week end people telephone me looking for jobs. Some of them have large families. It becomes depressing, Mr. Speaker, when as many as 20 people call at one's home on a Saturday morning and one does not know quite what to do for them. I suppose one could walk off and forget about it, but I cannot. I can say in all sincerity that as long as I am a member of this House representing an Ottawa Valley constituency,

come what may I shall be fighting the battle for designation and improvement plans for this area.

My hon. friend from Lanark and Renfrew said he could not quite pin down responsibility for the decision that Renfrew county should not be designated. This is the sort of thing that becomes a political football. Perhaps I was looking into the future when on June 25 last I made the following statement in a speech in the House on an opposition motion having to do with urban renewal. I was arguing that some of our industrial capacity should be diverted from large urban areas to smaller communities across Canada; that financial and other inducements should be offered to promote such development and to take the heat off the too rapid expansion in the urban centres. Let me quote what I said in my speech on June 25 last, as reported at page 10630 of *Hansard*:

• (5:40 p.m.)

The Minister of Regional Economic Expansion (Mr. Marchand) introduced a bill which would have the effect of spreading out the economic development of Canada. What must the minister do to see that the program is effectively carried out? He must obtain agreement from the provinces because the hands of the federal government are tied.

When the announcement of this legislation was made, I clearly stated in an interview that although this decision had obviously been worked out by federal and provincial civil servants, the final decision had come from the cabinet. As a member of the House—my constituents feel the same way as I do—I am nauseated by the fact that provincial civil servants, and indeed some of our federal civil servants, are making such drastic and basic decisions which affect rural and other areas of Canada. I feel very strongly that the politics of this nation must be returned to the hands of the politicians and not remain in the hands of the bureaucracy.

Some hon. Members: Hear hear.

Mr. Bell: Another one will be going.

Mr. Hopkins: The hon. member says another one will be going. Notwithstanding this remark, I have a theory on this question. Let me tell the hon. member that if I ever cease being a member of the Liberal Party I will not cross the floor.

Mr. Peters: Is that a promise? We do not like all this switching around.

Mr. Hopkins: Let me just answer that comment. There was a big switch from Liberalism to a minority Conservative government in 1957. In 1958 there was an even bigger switch. In 1962 there was a partial switching back, followed in 1963 by a big swing back to Liberalism. These were the years when the people who were the establishment in Ottawa gained headway, and they did so because members were not left in Ottawa long enough to gain experience, to get their feet solidly enough on the ground to fight their political case. I think it is a mistake suddenly to make big switches of the 1958 kind in the House of Commons. It is bad for the government, and it is bad for Canadian history. I hope I have clarified my original statement and I still stand by it.

In Renfrew county there is a need for forestry development. It is an excellent area for the promotion of tourism. I refer to the townships of Nipissing, which are south of Algonquin Park, and the town of Pembroke, where the municipal taxation level is already high. If many new industries were brought to the area they would suffer a heavy tax burden in order to pay for the services they would require.

Having studied this legislation I have come to the conclusion that the measure best fitted to our situation in Renfrew county, in the district of Nipissing, and in Lanark county is the legislation that passed the House on March 24, 1969, known as Bill C-173. Clause 24 of that bill dealt with special areas, which is what I am talking about, and provided:

> The Governor in Council, after consultation with the government of any province, may by order designate as a special area, for the period set out in the order, any area in that province that is determined to require, by reason of the exceptional inadequacy of opportunities for productive employment of the people of that area or of the region of which that area is a part, special measures to facilitate economic expansion and social adjustment.

The beauty of this legislation is that not only do its sections relate to the development of tourism and the promotion of reforestation projects, but also to the provision of money to build up the infrastructure of a community, the burden of which normally falls entirely on the taxpayers of the municipality. This type of legislation will do a tremendous amount of good in areas mentioned by the hon. member for Lanark and Renfrew and myself today.

As I have mentioned, although the groundwork for this decision was done by federal and provincial civil servants, the decision was ultimately one for cabinet. When the announcement was made, one of the provincial MPPs in my area, who is one of Mr. Robart's cohorts in Ontario, said that the Ontario government had tried to get eastern Ontario designated, particularly Renfrew county, but that the federal government had its mind made up even before consultations took place.

I have before me a clipping from the Pembroke *Observer* dated September 3, 1969, which I forwarded to the Department of Regional Economic Expansion. When I demanded an explanation, the department first of all asked me who Mr. Yakabuski was. I explained that he was the provincial member for Renfrew South. This article reads in part:

> Mr. Yakabuski said he went to all levels of government in Ottawa to find out just what happened. "A civil service source found that consultations had been made and included a suggestion to put eastern Ontario on the map for industrial incentives, but no agreement could be reached."

I have been informed that at no time did the Ontario government officials ever put forward a case for the designation of Renfrew county. No Civil Servant in Ottawa had ever been contacted.

Turning now to another matter, my area was designated under the ADA program for a short period of time. In 1963, when the government of the Right Hon. Lester B. Pearson took office, the number of unemployed listed in the town of Pembroke was over 3,000. We were placed on the designation list at that time. I remember speaking during the last Parliament following the designation of Pontiac to the east, Nipissing to the north and Parry Sound-Muskoka and Haliburton to the west. In that speech I referred to Renfrew county as the Gulf of Aqaba stretching up into the sea of designated territory.

• (5:50 p.m.)

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

An hon. Member: Carry on.

Mr. Deputy Speaker: Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. Hopkins: I have almost concluded my remarks, because I know the hon. member for Timiskaming (Mr. Peters) wants to speak. Looking at the map which was distributed as

a result of the new decision, I referred to it as a camel's back. As the hon. member for Lanark and Renfrew mentioned, the line goes up the Ottawa River, over to Nipissing and up into northern Ontario.

In closing I thank the House for its indulgence. Let me once again congratulate the hon. member for Lanark and Renfrew for sponsoring this motion.

Mr. Blair: Mr. Speaker, would the hon. member who has just spoken permit a question? I wonder whether he shares my view that perhaps designation in this area should be reviewed in depth with the idea of looking at the whole of eastern Ontario, including Grenville and Dundas counties.

Mr. Hopkins: Mr. Speaker, we in the upper part of the Ottawa Valley are not biased in any way. I should be only too glad to go along with the hon. member's suggestion so long as we all get something for the benefit and good of our communities.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, coming from the upper, upper Ottawa Valley I am pleased to note the support by the hon. member for Renfrew North (Mr. Hopkins) of the motion by the hon. member for Lanark and Renfrew (Mr. McBride). Let me inform those hon. members that there is something they can do about this matter if they have perseverance. Timiskaming was not designated under the old concept, but was so designated after a great deal of fighting. Hon. members should remember that these areas depend for designation on the contents of the monthly reports. A report is made every month, but there has been no notice of any plant establishment with the exception of one in New Brunswick. It was assisted by the federal government. The company involved was financially successful and probably would have built the plant in any event. It was assisted in an attempt to prevent the company moving to the United States. I think that was worth while.

I would be the first to agree with the hon. members for Parry Sound-Muskoka (Mr. Aiken), Lanark and Renfrew, Renfrew North, and Grenville-Carleton (Mr. Blair). Grenville is just outside Ottawa and is not doing badly. It has one hell of a good industry, namely, the National Capital Commission. That organization has been very prolific in this area.

Under the new program we follow the growth centre concept: The designations that have been made have certainly not been good and should be reviewed. The designation of areas such as Montreal and Quebec City is not in keeping with the idea of growth centres, in relation to other parts of Canada. I see no reason why areas like Lanark, Renfrew and Renfrew North should not be subject to this growth centre concept. They have problems similar to those which exist in other areas. They are losing industry because industry has in the past been related to natural resources. The Renfrew Valley area was well known for its lumbering and forest industry. It has lost a great deal of growth impetus because of decline in that industry, and is in need of secondary industry.

The sponsor of this measure should also consider the role played by provincial governments in respect of designation. The province of Ontario is much more interested in following its own incentives program than in cooperating with the federal government's scheme. This is very obvious because the provincial government has moved its program to within five miles of Toronto. It is almost impossible to consider the growth centre concept when pitting any area against the city of Toronto.

I have had an interest in this matter for a long time because my area is desperately in need of secondary industry. Let me put this point to interested hon. members other than those from the northern part of the province. There is an argument to be made for the principle of nationalizing industry. The only industry we have been able to assist in a designated area of northern Ontario is one that intended to move into that part of the province in any event. I have in mind a resource-based industry which wanted to take advantage of the government's bonus offer. The incentive provided that industry was not the deciding factor; I suggest it would have developed in the area without such assistance.

I am not interested in this type of program and I am sure the hon. member for Renfrew North and the hon. member for Lanark and Renfrew are not interested in that type of assistance. We are interested in developing industry in these areas with the assistance of the government. If the government indicates a willingness to help industry, I am sure companies will make an extra effort.

I was surprised to hear the hon. member for Cochrane (Mr. Stewart) announce on television that he is going to Europe to encourage companies there to move to Ontario. If he is successful in his search for new industry, and I hope he is, he will be

elected to this House for a long time. If he is successful in his venture, I will want to know what good this program is and why we should continue it. We hire people at salaries of $40,000 or $50,000 per year to run the program. If they cannot bring in industry, and an untrained member can, I wonder why we should continue this program. Perhaps the hon. member for Lanark and Renfrew should travel around the world in search of industry for his area.

If any designation plan is to work, it must provide incentives which will encourage industry to move to growth centres. I highly recommend that the two ridings in Renfrew county and Parry Sound-Muskoka be supported, because they are in a position to take advantage of this type of program.

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

The House resumed consideration of the motion of Mr. Pelletier that Bill C-171, to amend the Company of Young Canadians Act be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

Mr. Orlikow: Mr. Speaker, in the time I had before five o'clock I tried to set forth the basic principles which members of our party feel are important in respect of the establishment of the Company of Young Canadians. My colleague and I, the hon. member for Fraser Valley West (Mr. Rose), who acted on the committee found the task extremely difficult and extremely heart-breaking because we heard a great deal which we felt was legitimate criticism of an ideal which we had supported from the beginning. We therefore came to the reluctant conclusion that we would have to go along with the committee's report that it might well be necessary to establish a temporary trusteeship to supervise the activities of the Company of Young Canadians.

I wish to make clear that some of my colleagues, members of the New Democratic Party, possibly because they did not have the opportunity to hear all the evidence we heard, are not completely satisfied with our approach. We were not very happy either. We agreed, with a great deal of reluctance, to the proposal for a trusteeship. We had two basic objections to the proposal for a trusteeship. First of all, the committee heard a great deal about the real or alleged wrongdoings of the various volunteers. Because of the deadline under which it was operating, it did not give an opportunity to the volunteers or volunteer organizations to answer the charges, if they could, which were made against them. It seems to us that justice must not only be done; it must appear to be done. In our opinion, that could not be done if we did not give the opportunity to the volunteers to reply to the charges made against them. Second, the committee did not have the time it ought to have had to visit at least some of the projects which are in operation. We did agree, however, with the recommendation of the committee that a three-man trusteeship be established for the company.

The bill introduced by the minister today would have the effect of appointing a one-man trusteeship. This trustee will not only be able to supervise the accounting procedures which are necessary, and to which I shall return, but he will have the authority to make sure that no contract which the company board or the company director wishes to make with a volunteer can be put into effect without the approval of the financial administrator. We cannot accept that. Unless the minister agrees at a later stage to withdraw this provision in the bill, we cannot vote for it. I am a very harsh critic of the company, but I will not be able to vote for this bill because I cannot agree to a one-man trusteeship for an indefinite period, particularly when the minister says that in the very near future he intends to introduce legislation which will bring about substantive changes to the organization and policies of the company.

It seems to us completely superfluous to have anything more than a temporary financial administrator who will make sure that the money expended is expended and accounted for properly. We believe the officials in the minister's department who have been looking into the accounting practices of the company ought to be asked to make

recommendations to the minister on which he would base proposals for legislation changing the set-up of the Company of Young Canadians. Without that we do not believe any changes would be useful and would permit the company to operate in the spirit in which it was established and under which it has not operated until now. So, as I say, we could support a temporary financial administrator. I say that without any hesitation in light of the evidence presented to us during and since the committee hearings.

I should like to place on the record a few examples of the sort of things we heard which I think are inexcusable, cannot be justified and which provide me with reasons for voting for a temporary financial administrator. There were reports of a number of incidents. For example, at Halifax office space was rented in a new building for a period of six months, at a cost of $2,500. According to the information we received, those offices were never used. In northwestern Ontario a film about Indians was made. It was never authorized, but $3,600 was spent by the Company of Young Canadians for that film. The people who made the film have now left the company. They walked off the job and took the film with them. That should never have happened. Legal action should have been taken against those involved. We understand charges have now been laid. Not only was it proved that they took the film, but they also took filing-cabinets and other property belonging to the Company of Young Canadians.

There was another project involving work with the Indians in northwestern Saskatchewan in respect of which I believe $31,000 was funded. The volunteers running the project have refused to account for the money to the staff and the director of the company. We think that is completely unacceptable. The Toronto development project which was to work with the Italian immigrant community was funded $60,000. When the committee had Mr. Vidal, the director of the company, before it, he told us that about half the money had been spent, and I presume another $5,000 or $6,000 has since been spent. He could not tell us how many volunteers were on the job. In other words, he did not have proper direction of the project.

• (8:10 p.m.)

I am sure Members of Parliament have read the news stories of the week end meeting of the company's council. It is reported that the volunteer who was instructed to evaluate the project could get no real information or co-operation, and in fact thinks that the project should be wiped out; that there are better places and more deserving organizations in Toronto which should be assisted by the company.

Then, of course, there is the Toronto youth project for which apparently two so-called volunteers of the company are getting in the neighbourhood of $1,000 to $1,500 a month between them. As far as anybody can find out, nothing useful is being accomplished by that group except the subsidization of the printing of one of the so-called underground newspapers, which is not a company publication. Yet during the week end the council refused to take any action to close down that operation.

These are just a few of the illustrations of misuse of funds about which we heard and which are completely inexcusable and unexplainable. We should not condone them for one moment. Therefore, I have no hesitation in telling the minister that I am prepared to support the appointment of a financial comptroller, provided it is just a temporary measure and that he is a comptroller of the funds only and does not have the power of veto on projects which I think come under the jurisdiction of the council, with all its faults, and the director.

Unless the minister agrees to that kind of change, we in our party will vote against second reading of the bill. Because of our reservations about this bill as it is drafted, I propose to move an amendment, seconded by my colleague, the hon. member for Fraser Valley West (Mr. Rose) as follows:

That Bill C-171 be not now read a second time, but that it be resolved that in the opinion of this House the government should give consideration to the introduction of a measure to provide for an interim financial administrator having general supervision of the expenditures of the Company of Young Canadians without the power to interfere with the program of the company as determined by the council and the executive director.

Mr. Nowlan: I rise on a point of order, Mr. Speaker. Do I take it that Your Honour receives the motion without adjudicating on its admissibility?

Mr. Deputy Speaker: I have examined it, and in my view it is in order. However, if there are objections I will certainly be prepared to hear them.

Mr. Knowles (Winnipeg North Centre): Of course it is in order.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, especially since the Secretary of State (Mr. Pelletier) introduced Bill C-171, I have noticed that he seemed to have much difficulty. I almost feel sympathy for him because he inherited a situation for which he is not directly responsible. Considering how reluctant he and the government were to take action, even before the press conference by Montreal's Executive Committee Chairman, we are inclined to believe, as regards previous statements, that the Secretary of State, the Prime Minister (Mr. Trudeau) and the government were aware of the activities of certain members of the Company of Young Canadians.

For these reasons, we must censure the government for not having acted vigorously enough in this situation.

I still remember quite clearly the time when the Company of Young Canadians was set up, and the objectives that were laid down for it. These were outlined in a statement delivered by the Secretary of State on October 22 last, and I quote:

> According to the act adopted by parliament in 1966, the basic objective of the Company of Young Canadians is to support, encourage and organize programs for social and economic community development in Canada through voluntary service. The Company may engage in community development work, in urban and rural areas in Canada, and it may organize programs designed primarily to widen the social and economic opportunities of Canadians. The result is that inevitably the Company of Young Canadians works with urban renewal, rural poverty, and other less privileged groups of society.

And I wish to emphasize a few words in the minister's statement:

> —rural poverty—

He therefore admits a weakness on the part of the government which has failed to give all Canadian social classes the place they are entitled to. I feel that when a sovereign government, such as we expect in our Canadian democracy, creates agencies and exerts no control over their activities, it is a sure sign of general inadequacy.

• (8:20 p.m.)

In order to solve the poverty problem, the government finds nothing better than to rely upon unexperienced young people, by granting them a more or less considerable budget, depending upon one's own point of view. As a matter of fact, they are given a free hand without any guidelines as to their terms of reference.

The bill under study provides for the appointment of a comptroller of the Company of Young Canadians and an amendment has already been moved. I prepared one myself that I am going to move if the rules allow me to propose a subamendment. In any event, I shall come back to this later on.

As regards the guidelines that the government should have given this company when it was first created, no reference is made to them.

I have here the minutes and proceedings of the committee on broadcasting, films and assistance to the arts, which following Mr. Saulnier's statement, looked into the activities of the CYC. The hon. member for Témiscamingue (Mr. Caouette) asked Mr. Vidal the following question, and I quote:

> Mr. Vidal, according to your answer, it is quite obvious that the Company do not know too well where they are going. Besides your statement says:
>
> 1. There is no definition of volunteer and the very concept of volunteerism.
>
> 2. There are no clearly-defined lines of authority and responsibility within the Company of Young Canadians.
>
> 4. There is no clear definition of the relations between the three levels in the Company.
>
> 5. The Company has never set a program objective from which priorities and criteria can clearly emerge.
>
> 6. The Company has never had a full set of policies. For instance:
>
> 1. There are no guide-lines for the setting-up of new programs.
>
> 2. There is no rule as to the duration of a project.
>
> 3. There is no organization policy.
>
> It would be hard to say whether we are centralized, regionalized or whether the organization is set up at project level.
>
> 7. The concept of participation has never been sufficiently explained or indeed, resolved.
>
> Finally,
>
> 8. The role of the director is not defined.

This is the very statement made by Mr. Vidal to which the hon. member for Témiscamingue referred, and Mr. Vidal never denied he had made that statement. This is exactly how things went within the Company.

The committee report brought before the House on December 5, reads as follows, and I quote:

> v. Your Committee has evidence that the Executive Director of the Company is seriously hampered in the performance of his duties. This situation results from the following factors, among others:
>
> (a) The Company has no policies on the qualifications required of volunteers nor any definition of their exact role and functions;
>
> (b) There is no policy on the recruitment of volunteers;
>
> (c) There are no policies on the training of volunteers;

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(d) There are no evaluation procedures with respect to the performance of volunteers and staff;

(e) There is no adequate procedure to deal with the grievances of volunteers or staff;

(f) There are no adequate policies for the suspension and dismissal of staff and the suspension or cancellation of volunteer contracts.

vi. The Company has no policies for the research, selection, evaluation, modification and/or termination of programs or projects.

Mr. Speaker, how can you expect an organization, made up of either young people or adults, subject to so few instructions and regulations, to be able to give the results expected of it at that time it was established, in 1966?

Therefore, it is not surprising that, left to itself, that Company started to turn towards purposes other than those assigned to it and that, for lack of control, some provocative or subversive agents anxious to take over, had managed to infiltrate into it.

The government must bear the responsibility of having failed, right at the beginning, to demand the right to control the activities of this Company, particularly their way of spending public funds.

The charges laid against them and the evidence submitted to the committee prove that money was shamefully wasted by several members of the Company.

Fortunately, they had only a limited budget though it amounted to $2 million a year. In spite of this, can such a fantastic leakage be explained? Some crown corporations, for instance, the CBC, have a budget of some $100 to $125 million a year. The government has no say in the way the CBC spends the taxpayers' money. How can we not occasionally wonder about those corporations and ask for explanations from the responsible ministers?

If inquiries in depth could be made into the operations of the various crown corporations, we would probably be amazed at what goes on.

Accusations were made. The minister admitted it himself in the House when the matter was made public at a press conference given by the chairman of the executive committee of the city of Montreal. I have here an account of that conference which was televised.

I shall read a few excerpts to demonstrate the gravity of the accusations. I quote:

We now know that in Canada individuals and groups are working actively to implement a plan which will carry the destruction of freedom, of our form of democratic government and, in this plan, the people's will, as expressed in the ballot box, is excluded.

• (8:30 p.m.)

These individuals and groups are inspired and financed, in many cases, by foreign political powers related to on "International" that does not share our nation of man's fundamental liberties.

And Mr. Saulnier made that statement immediately after the unfortunate demonstration which took place in Montreal not long ago.

And I now resume my quotation:

In other cases, the same ideas and the same plan of action are supported by the government of Canada through the Company of Young Canadians.

For many months now, we have seized a substantial quantity of documents which justify me to put forward the previous assertions, and with the greatest certainty. It is enough today, and it is my duty to do so, to raise publicly a corner of the veil.

The partial disclosures to which I will limit myself today are but a small example of the things I know and which I have privately informed the Prime Minister of Canada a few times.

The Prime Minister of Canada was thus informed of the activities of some members of the Company of Young Canadians as well as of others who were jeopardizing our freedoms and our democratic system.

I go on with the quotation:

These facts justify me to request formally and publicly a public Royal Commision of Inquiry on the clearly subversive activities of the Company of Young Canadians.

This is clear. Mr. Saulnier is not requesting a royal inquiry on just anybody or anything but on the clearly subversive activities of the Company of Young Canadians.

Moreover he states further, and I go back to the quotation:

The same facts justify the Prime Minister of Canada, while this inquiry is going on, to cut short and without delay any supply of public funds to this organization.

The same facts justify the citizens of Canada to ask their government to prohibit the use of public funds to support activities of the type which follows:

We know that after this statement by the chairman of Montreal's executive committee, many other municipalities of the province of Quebec and elsewhere where the Company of Young Canadians was active then also requested from the government a royal inquiry, by means of resolutions.

Mr. Saulnier indicates the facts that justify such a request, and I quote:

1. To agitate and organize marches in the educational institutions which bring forth the interruption of academic pursuit;

2. To publish and distribute the names, addresses and phone numbers of industrial workers, thereby identifying them as targets;

Mr. Speaker, I should like to come back for a moment to the first point, namely, the facts that justify an inquiry as indicated by the Chairman of the Executive Committee of the city of Montreal, and to refer to the Company of Young Canadians Act, under the heading Objects and Powers, paragraph (c) Section 15, and I quote:

(c) organize and carry out programs to assist young people who are economically or socially handicapped to obtain greater benefits from their schooling and to reduce the number of young people who leave school before completing their schooling;

That was one of the objects of the Company of Young Canadians. But, on the contrary, what have they done? They have stirred up strife, agitated and organized marches in educational institutions, public disturbances that have only resulted in holding up the progress of students, that is, exactly the opposite of what was required in the act creating it.

I go on reading the reasons set forth by Mr. Saulnier, and I quote:

3. To infiltrate situations which can develop into major conflicts;

4. To promote social and political strife by teaching the methods of defining inaccessible demands with the admitted purpose of shaking the present social system from its roots;

5. To encourage methods of action (and I quote) "which rapidly develop into a revolutionary test of strength";

6. To encourage the occupation of industrial plants during strikes in order to create "head-on-collision";

7. To distribute written information on communist activities in other countries.

Those are the seven main points that Mr. Saulnier indicated to justify his request of a royal commission on the activities of the Company of Young Canadians. All those points were substantiated during the investigation held by the Committee on Broadcasting, Films and Assistance to the Arts, in October and December last.

Therefore, to me, there is no doubt that the government must, as soon as possible, establish a royal commission to look fully into the activities of the Company of Young Canadians.

I go on quoting from the statement of Mr. Saulnier:

We also find on the premises officially occupied by the Company of Young Canadians and paid for by the Canadian taxpayers, newspapers and pamphlets showing how to fabricate molotov cocktails, paint bombs, flasks and vials devised to disrupt police work in the maintenance of public order.

These documents recommend fighting men, dogs and horses with pepper, ball-bearings and slings and even promote the use of potassium cyanide by way of injection and these recipes are printed and distributed by the thousands.

Is this what the government expected of the Company of Young Canadians? Section 15(c) reads as follows and I quote:

—organize and carry out programs to assist young people who are economically or socially handicapped to obtain greater benefits from their schooling and to reduce the number of young people who leave school before completing their schooling

Is it to make the best possible use of the schooling of our youth to teach them every possible method of starting a revolution and of causing disturbances in our cities and rural areas? On the contrary, they have run counter to the mandate assigned to them by the government.

Mr. Saulnier continues, and I quote:

Its paid or volunteer organizers who call themselves "social animators" roam the Montreal region in motorcars owned by the Canadian people and use them to sow dissension and panic and to participate in destructive demonstrations.

We know at least that in the city of Montreal alone twelve Volvo cars have been bought and paid for by the Company of Young Canadians with the taxpayers' money to enable those young people to drive from one point to another in order to protest, to throw confusion and to foster terrorism.

The chairman of the Executive Committee of the city of Montreal was right in asking for an inquiry into the activities of the Company, and at the end of his press conference he added, and I quote:

—it is essential that the terms of reference of this Royal Commission of Inquiry include the mandatory deposit of all orders of payments authorized by the Company since its foundation with the names of the organizations and individuals which have cashed these payments.

Therefore, it has been clearly established that the city of Montreal was not claiming a superficial but an in-depth inquiry into the dealings of the Company of Young Canadians.

In a subsequent statement following up other troubles in Montreal, in connection with

the passing of a by-law, the chairman of the executive committee said again, and I quote:

I say it again that it is absolutely indispensable for the government to order the tabling before this committee—

The government had then decided to refer the matter to the committee on broadcasting, films and assistance to the arts. The chairman of the executive committee asked again, and I quote:

—for the government to order the tabling before this committee of all the payment warrants issued for the purposes of the Company by any government agency, because I am convinced that the government has realized, as we have, that it must protect our country and its inhabitants, a task which will be easier when Canadians are aware of the perils they face.

Mr. Speaker, neither these statements nor the reports submitted to the Secretary of State, the Minister of Justice (Mr. Turner) and the Prime Minister of Canada (Mr. Trudeau) have succeeded in alarming the government, in urging it to action. Why? Just because the Secretary of State did not have full confidence in the authors of the reports. Here are the very word he used in his statement of October 22:

However, usually responsible sources, without producing evidence, have alleged the utilisation of the Company of Young Canadians to cover the furtherance of subversive activities.

He mentions "usually responsible sources". This would seem to indicate that the Secretary of State considered Mr. Saulnier's utterances in the presence of TV cameras as unjustified.

Since very little credit is given to the statements of people as important as the Chairman of the Executive Committee, as well as to those of the inspectors of the RCMP, of the Quebec provincial police or of the Montreal police, and since this is not enough to prompt the government to look fully into, through a royal commission, the activities of this Company, it is high time, in my opinion, that something were done. The necessary steps must be taken to stop such activities.

With regard to the appointment of a comptroller to prevent the possible wasting of money that still belongs to the CYC, I have been informed, but I am not quite sure, that there are still approximately $900,000 left. In order to prevent these funds from being used again for subversive purposes and certain members among the Company's top officials, who might be less scrupulous than others, from disappearing with them, I think a comptroller should be appointed.

However, when this bill was introduced last Friday, I asked myself: why could the government not act by order in council, in a case of necessity and emergency?

Mr. Speaker, if this had happened during a recess, for instance, I do not feel the government would have called an emergency session in order to pass such a bill, nor would it have run the risk of waiting a few weeks, so that the House would reconvene for that purpose. It would have undoubtedly proceeded by way of an order in council, which is within its powers if the need arises.

We do not oppose the appointment of a comptroller, but I wonder whether the rules of the House would allow me to introduce an amendment, since there is already one before us, or if the first one must be dealt with before another is moved.

An. hon. Member: Yes.

Mr. Laprise: Someone said yes, Mr. Speaker. Therefore I move, seconded by the member for Portneuf (Mr. Godin):

That the said amendment be amended by replacing by a comma the period following the words "Governor in council" in line thirteen of the amendment, at subsection (1) of section 10A, and by adding after the said comma the following words:

"and whose term of office shall not exceed three (3) months following the coming into force of this section or the period of time required for an investigation by a Royal Commission ordered by Parliament, particularly into the uneasy administrative circumstances of the Company of Young Canadians, the charges made by the Chairman of the Executive Committe of the City of Montreal in relation to subversive manoeuvres by certain members of the Company of Young Canadians and, generally, the various aspects of the activities of the Company of Young Canadians."

• (8:40 p.m.)

[*English*]

Mr. Deputy Speaker: Order, please. I assumed that the hon. member was moving a subamendment to the amendment moved by the hon. member for Winnipeg North (Mr. Orlikow). I suggest the amendment moved anticipating the committee stage of the bill, and it would be more appropriate to move this subamendment at that stage of our proceedings. Furthermore, I am advised that citation 394(1) of Beauchesne's Fourth Edition is relevant to this point.

Hon. Robert Stanbury (Minister without Portfolio): Mr. Speaker, the comments of hon. members have been pertinent and useful.

Mr. Crouse: On a point of order, Mr. Speaker, should not the minister be in his own seat when addressing the House?

Mr. Stanbury: Thank you, Mr. Speaker. If hon. members will permit I shall comply with the rules and move to my own seat.

An hon. Member: I thought he was in his own seat.

Mr. Baldwin: The minister will sound much better there.

Mr. Stanbury: Mr. Speaker, one could say that I have been put in my place. I certainly would not pretend to be the government House leader.

Mr. Stanfield: I hope not.

Mr. Stanbury: Mr. Speaker, the government might have waited until a full package of proposals in response to the committee's report could be presented to the House. However, I hope that hon. members consider, as we do on this side of the House, that we are bringing before the House today a matter of some urgency. We do not want to ask this House to rush through proposals which would perhaps have the effect of destroying what has been built up over the past years or would change fundamentally the statutory framework of an organization which has performed good work.

• (8:50 p.m.)

If that is the opinion of some hon. members, there should be sufficient time in which to consider such proposals. But the government feels that in the interim there is a requirement for action to protect public funds; it feels there has been an indication from the hearings before the Parliamentary Standing Committee that Parliament should act promptly to protect public funds in this situation.

The Secretary of State (Mr. Pelletier) has stated, and I am pleased to reiterate, that the government does intend to present detailed proposals in a more fundamental response to the recommendations of the Parliamentary Committee before the House adjourns for the Christmas recess. We would hope that these proposals in the form of another bill would go to the standing committee for consideration and possible amendment; and that by the time the bill comes back to this House we shall have carried out a carefully considered review of the legislation.

The bill now before the House is acknowledged to be an interim measure. We can appreciate the difficulties expressed by hon. members in dealing with the bill in isolation, but I hope they will appreciate the good faith of the government in wishing to put this forward as an urgent matter while awaiting the due process of the amendment of the law in a more fundamental way.

Hon. members have expressed varying views about this bill. Amendments have been suggested, and perhaps there will be more. One point which I thought was valid was that there could perhaps be a time limit imposed on the mandate of the comptroller. The committee suggested a time limit of one year. I do not think this would be an unreasonable limit although I hope a comptroller will not be necessary for nearly that long. I hope the new legislation will supersede this arrangement very quickly. In any event, such amendments would be seriously considered by the government. I hope hon. members will put them forward and allow them to be dealt with tonight so that in the House and in Committee of the Whole we can come to a decision on the details of the bill and thus meet our responsibility for protecting the public funds which are in the hands of the Company of Young Canadians. This is the nub of the measure which is before us now, and I trust that whatever may be the views of hon. members they will agree with this objective and proceed promptly to resolve the issues put forward by speakers who have preceded me.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I was very pleased to hear the Minister without Portfolio (Mr. Stanbury) make what I might refer to as his maiden speech in the House since his elevation to such high rank. Our party is agreeable to the suggestion which was made by the hon. gentleman, to the effect that this measure should go to the Committee of the Whole in order that we might deal with it as expeditiously as possible. We would like the government and our friends in the NDP to know that we can be responsible in this regard.

We must also note what the minister stated with respect to the recommendations of the committee, indicating that trustees should be appointed for no longer than one year. We take the same view with respect to the comptroller, except that we think the time limit should be even shorter. We must, of course, be responsible for this organization and for seeing that the $900,000 which is still available is administered properly and to the satisfaction of those to whom we have to report.

We suggest that the time limit be set at March 31, 1970, which is, of course, the end of the company's fiscal year. I hope that the

government in its wish to expedite this matter will conclude, in light of the events which have occurred over the week end, that we cannot allow ourselves to sit still while there is every possibility that such actions will continue.

I listened with amazement to the motion which was moved by the New Democratic Party. With all respect to them, I do not know where they have been during the time the actions of the company were considered by us and evidence was adduced.

Some hon. Members: Hear, hear.

Mr. Alexander: Unless something has happened which is outside my knowledge, a comptroller has been appointed through the intervention of the Secretary of State (Mr. Pelletier), and has been functioning since 1968. So there is somebody looking after the money, in any event. How the NDP can have its cake and eat it too is beyond me. They are trying to say, "Let us have an interim financial administrator with no time limit set." What really astonishes me is the implication that this interim administrator is to have no powers whatever. We on this side certainly take issue with them on that point.

Mr. Speaker, if I had been here in 1966 I would probably have voted for the bill. After all, it set out principles which were admirable in themselves; it was in keeping with the theme of youth, with the need for the poor throughout the nation having a voice, for action on behalf of the Indians, the blacks in Nova Scotia, the Métis, the poor in the Atlantic provinces and in the urban centres. We wanted youth to be involved in these things. I would have voted for the legislation for another reason—the involvement of youth in my election campaign. In my campaign one found the vigour and the enthusiasm of youth working with the experience of the mature, and as a result of this kneading together we were successful. Some people in Hamilton West did not like it; I do not want to say it was the Liberals. What I am really trying to say is that here were responsible people acting in a responsible way, within the framework of our democratic institutions, to achieve a desired result.

The CYC also had principles, and there is no question that they were commendable. It also had powers with respect to the achievement of these aims. Perhaps I might read a few of them. They had the power to engage in community development work in the rural areas, power to carry out programs to widen the social and economic opportunities of young people who leave school before completing their schooling, power to initiate recreational programs for young people where such facilities are not available. There were a host of other objects that were ideal in nature.

• (9:00 p.m.)

All of us, particularly those who were members of the House at the time, thought they were the type of objects to which youth would be attracted so they could go out and do their "thing" in a responsible way. We had a golden opportunity for serious and responsible involvement. But what happened, Mr. Speaker? The vocal minority in Canada, which exists in the United States, England, Europe and Africa, took over and said, "We cannot work within the existing framework of the so-called establishment; we must be on our own and do our 'thing' in our own way".

Let me tell the House about the latest thing that they want to do in their own way. I quote the *Globe and Mail*, today's issue, which has a report dealing with the CYC's latest project of communal experimentation. The article reads, in part:

> At least 1,000 people in Metro are taking part in the communal experiment, the woman said. In addition to the group on the island, there are others in the Spadina, College and King Street areas.
>
> In Ottawa, Mr. Williams had said that about 300 people were taking part in the experiment ... "and that members considered themselves 'the new natives' and were 'pioneering'; a life style for all."

I do not want to be included in that life style, Mr. Speaker, and I think I am safe in saying that the vast majority of the Canadian people do not want to be involved in this new experimentation. What has been the result of CYC activity over the past three years? I do not want to repeat the evidence that was adduced, because we are all familiar with it; but let me summarize it and refer to some of the nouns that were put on the record. There were charges of violence, subversion, illegality, incompetency, social action that was designed to break down existing systems. What was a dream of the former prime minister, which was acceptable to all Canadians at the time, has become an unacceptable nightmare for many Canadians and parliamentarians.

What do the headlines say today about this acceptable dream of the past? On the first page of today's *Telegram* appears the heading in large type: "Trusteeship demand as three

leaders quit". In an article by Claude Henault there is this passage:

Three members of the dissent-ridden governing council of the Company of Young Canadians announced yesterday they will demand the council be disbanded and replaced by trustees.

I should like to know whether the Secretary of State has been apprised of this information. Have submissions been made to him in this regard? Does he not think that this is an important statement? May I again refer to the *Globe and Mail* of today's date, where reference is made to Mr. Axworthy. We all know who he was. Apparently he was a government appointee to the council, a one-time aide to the former minister of transport, the hon. member for Trinity (Mr. Hellyer). Mr. Axworthy has stated that it would be a travesty if the council were to continue. Does the Secretary of State know of this statement?

Mr. Bigg: He does not care.

Mr. Alexander: I know he cares, but perhaps he has not yet had an opportunity to digest the statement and to appreciate its importance and implications. I quote from the *Globe and Mail:*

Mr. Axworthy said yesterday that he, Mr. Johnson and Mr. Sullivan had written Secretary of State Gerard Pelletier asking him to scrap the council anyway.

Has the Secretary of State received that communication? I do not know whether the *Globe and Mail* is the gospel or the Bible, but I should like the minister to tell me whether he has been advised to scrap the council. I now come to the Ottawa *Journal* for today. This paper carries the headline: "Resignations, dissent, rock CYC council". Here is another quote from Mr. Johnson:

Mr. Johnson said the weekend meeting—

That is, the meeting of the council.

—was a make-or-break session for council. It had to prove to Parliament that it was capable of running the CYC.

"It failed," he said.

I should like to know whether the minister is aware of this. I think it is important not to pussyfoot in regard to this very important national problem. We must be responsible in this regard. Surely the minister realizes that the CYC is dead; and if it is not quite dead, then it must be going through its final throes of death. This has been obvious to us all over the week end.

An hon. Member: What we need is mercy killing.

Mr. Alexander: My hon. friend to the left of me says that what we need is a little mercy killing. Our party wanted the CYC killed right then and there, and we moved a motion to that effect. We knew in stating we wanted it dead that we were acting responsibly, at the same time still appreciating the involvement of youth.

Mr. Baldwin: It is not its death, but its smell that we are worried about.

Mr. Alexander: The smell is becoming quite obnoxious, and I do not know for how long the Canadian people will be able to stand it. In keeping with the policy of this party in terms of youth involvement, we have accepted the fact that the CYC has been born, unfortunate though it is. However, in light of the events and the chaotic behaviour that has led people to wonder whether this is a responsible institution, we on this side of the House must be careful of our actions. Our approach is stated in paragraph 10 of our press release.

Mr. Gilbert: Which one?

Mr. Alexander: We have only one. There is one thing about the NDP, Mr. Speaker; they do not like being chastised. They put a ridiculous motion before the House, and now they do not want me to continue, though my time is running short.

Mr. Knowles (Winnipeg North Centre): Take your time; you have 40 minutes.

Mr. Alexander: Our approach to the CYC is this:

• (9:10 p.m.)

On the contrary, we believe a fresh start, building on the experience of the past, can develop a viable and constructive outlet for youth in social action at the community level—

An hon. Member: Oh, come on Linc!

Mr. Alexander: Why don't you stand up, Joe, and get into this debate?

An hon. Member: I could do it.

Mr. Alexander: Either stand up or quit bothering me. Do you have a point of order, or what is the point? As it is stated, Mr. Speaker:

—we believe a fresh start, building on the experience of the past, can develop a viable and constructive outlook for youth in social action at

the community level, which will far exceed the present legacy of $7.2 millions spent on 38 outgoing projects which involved not more than 400 volunteers in its troubled and turbulent three year history.

We therefore say:

Our primary belief is that volunteer service for youth is still as valid an aim as it was when we supported the concept behind the Company of Young Canadians. Surely, however, we have all learned that good intentions are not sufficient to prevent the abuses that arose in the company's operations. We endorse a new start after proper study.

Let me say again, in reference to the Minister without Portfolio, that we are pleased he showed a spirit of consultation. We appreciate this. We are pleased that he showed a spirit of co-operation. This is the way in which the House can work. We are always prepared to be co-operative, to have dialogue and consultation. The government now knows our position in respect of March 31, 1970. We are sorry the government did not tell us what the appointment of this comptroller was all about; we do not know what it is all about; we do not know who he is, we do not know how long he is going to fill this position and we do not know what the position actually is. The government has left us in the dark.

These are the kind of questions we hoped the minister might answer. He should lessen the darkness so we can walk in a path of light and understand what the government is trying to do. I feel I have made my points clear, in spite of the interruptions. I am sure the minister understands the position we have taken. We want this matter referred to the Committee of the Whole this evening in order that it can be dealt with expeditiously, bearing in mind that we are all interested in this company. Let the government understand that March 31, 1970, is the deadline as far as the comptroller is concerned.

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I doubt that my speech will include the emotional content of the previous speech.

Mr. Bigg: Or the intelligence.

Some hon. Members: Oh, oh!

Mr. Rose: I hope that my speech will generate a little less heat and a little more light on the problem that confronts us.

An hon. Member: Don't go away Linc.

Mr. Rose: I am sorry that the hon. member for Hamilton West (Mr. Alexander) is leaving.

An hon. Member: He is back.

[Mr. Alexander.]

Mr. Rose: I should like that hon. member to make as great a contribution to my speech as I did to his. We have believed in the CYC. The members of my party believe strongly that Parliament will by this bill hobble the Company of Young Canadians so much that volunteers will no longer be able to work effectively for social change and to provide a voice for the voiceless. We feel, in other words, that the company will be limited to being a sort of respectable Boy Scout organization, a conventional service organization supporting the status quo. If that is all the CYC is to be, I agree with the hon. members to my right; it would be kinder to kill the organization cleanly. Its uniqueness will be gone and its effectiveness will be lost if we allow the kind of proposal we now have before us.

In seconding the amendment proposed by the hon. member for Winnipeg North (Mr. Orlikow), and as a member of the committee on broadcasting, I say to the people of Canada that I voted for the three-man trusteeship because I believe that a temporary trusteeship with sympathetic and knowledgeable trustees would allow time for the present elected permanent council and executive director to work out the obvious inadequacies in the management and methods of this organization.

We should make a few things very clear. Neither I nor other members of my party believe that the people's money should be squandered uselessly. We believe that greater financial accountability is of crucial importance if the Company of Young Canadians is ever to enjoy the confidence of the Canadian people. There is no disagreement on this point. We do not object to financial accountability worked out by the company with the trustees and the government. We do not think this is necessarily a sinister thing; we believe it is a must.

We should make another point very clear. I do not accept the distressing tendency to blame all the troubles of the CYC on a bunch of hairy-headed kids, or the newly elected permanent council which has been operating only since last October. The provisional council of the company, comprising 15 members appointed by the government, has guided the company over most of its life. If anyone thinks that all the CYC troubles can be solved by denying volunteers their part in policy-making, they are naïve at best and ignorant of the company's history at worst.

The CYC legislation was conceived in a great rush. It was never very carefully thought out. The company's greatest contribution was its service to the Liberal Party's campaign strategy in convincing young people that there was a role for them to play and that dissent was not only tolerated but was welcomed within that party. We had a recent demonstration of this at Harrison Hot Springs where a token number of unconventional dissenters were imported and paraded around as window-dressing.

An hon. Member: Why did you vote for it?

Mr. Rose: Some of them had difficulty getting in because the RCMP set up barriers.

Mr. Prud'homme: Mr. Speaker, would the hon. member permit a question?

Mr. Rose: Let me say to my hon. friend that I do not intend to speak for the whole 40 minutes. I would welcome questions at the conclusion of my time. The fact remains that through the approximately three years of the government-appointed council there have been many incidents of tension and difficulty within the council not only in Ottawa but in the field. This difficulty has been present under various ministers who by and large chose to ignore the various contentions put forward. Never during the tenure of the provisional council was any government amendment presented to the House of Commons designed to overcome any of the obvious flaws in the structure of the organization. The organization and its accountability—which, incidentally was well known to all government appointees who sat on the council—was never changed by amendment.

• (9:20 p.m.)

They were not the kind of people who were going to be out-manœuvred by the so-called radicals who formed a large part of the volunteers. Far from it. Some of these men enjoy high prestige and high office in government circles today. In the Privy Council office today are such Scrooge-like men as Mr. Lalonde and Mr. R. J. Phillips. One wonders why such men who exercise influence or direction in respect of government policy did not see at the time some of the shortcomings of the company and immediately advise the appropriate people. They obviously had the peers at the right place; they were prominent on the CYC council, but for all we know they remained silent. Whether they did or not, the results were the same—no government amendment altering the CYC administration was made until the one which is before us today.

It is true that the Secretary of State (Mr. Pelletier) felt obliged occasionally to go beyond the book when important matters were at stake. We heard him admit before the committee that a few days before the June 1968 election he was so concerned with the situation in Montreal—one can imagine how sensitive anything like that would be a few days before an election—that he personally interviewed and supplied the executive director with certain information at the minister's home, which caused the executive director to ask for the resignation of Mr. Martin Beliveau. Then because Mr. Clarke, the executive director, felt he was pressured, he resigned a short time later.

I do not raise this matter because I think the minister did something he did not need to do, or because I think he was interfering. Far from it. The minister himself said Mr. Clarke had a perfect right to tell him to go to hell. That is in the evidence. But he did not do it. Nor do I believe that an accountant-comptroller—nowhere, incidentally described in the act which set up the CYC which was enacted a short time later—was not needed. I think in introducing this bill today the minister is suggesting that a comptroller was so limited by the act that he really had no power, and that in spite of his being placed in the council's offices in Ottawa he was not able to do the job he was intended to do.

From what we learned in the committee I believe the government has for a long time been acutely conscious of the various problems within the Company of Young Canadians, but has been singularly silent until now about introducing legislation that might have overcome some of these problems. It is a long time—about three years. Behold, now they come in with a bill that anticipates a virtual **Czar over the company; in other words a** one-man trusteeship, not a three-man trusteeship. He is not to be appointed for one year, as the committee recommended, but as the bill says "who shall hold office during pleasure". This might be forever, for all we know.

The Minister without Portfolio, in charge of citizenship, has since told us he does not believe it will be in perpetuity, but that the period will end possibly as soon as March 31, 1970, or the end of the fiscal year. We were all extremely pleased to hear this. I think our words have reached the government; we have communicated. I learned a long time ago

never to beat people on the head for doing things I wanted them to do in the first place.

Nevertheless, I wonder whether this measure really goes far enough. I think the comptroller-trustee, according to clauses 2 and 3, makes completely irrelevant the committee's concept of reform from within. Remember that the committee sat for about five weeks and heard a great many witnesses. I think the committee's concept of reform from within by the permanent council and the executive director, putting their own house in order and continuing to function toward this end, is rather irrelevant if we impose a one-man comptroller-trustee upon them immediately. Perhaps the government is out to kill the company. I hope it is not. I hope if it is to be killed, it will be killed outright and not left to survive in name only, like a de-fanged tiger that marches around the jungles of our large cities and Indian reserves but is completely unable to cope with the problems it might meet.

Perhaps the poorly drawn act has finally motivated the cabinet to blow the whistle. At the present time, two signing officers out of four may sign cheques up to a maximum of $100,000. I know anything untoward in this regard is far from the minds of some of the people who are signing officers, but I think the government sincerely believes it can no longer tolerate this situation in view of the record of the company and some of the testimony that was given before the committee. It can no longer tolerate the risk of two signing officers being able to write a cheque for $100,000 and then disappearing to some unextraditable country.

An hon. Member: Cuba.

Mr. Rose: I do not know what our diplomatic relations are with countries in the Caribbean and elsewhere, but I do not think that is the point. There must be some kind of financial accountability. I agree with the minister on this point. The minister expressed in the committee the desire to have a panic-button. He wants some kind of legislative device that will allow him to take charge in a crisis situation. I ask the minister, through you, Mr. Speaker, why he waited so long to bring in this amendment. Surely the need was apparent long ago. My view is that the Company of Young Canadians is neither a strictly financial problem nor a legislative one. The company is primarily a political problem now that its activities are losing more votes for the government than they are gaining for it among the youth. Now is the time for the axe.

There is no doubt that the representations of Mr. Saulnier of Montreal have had a profound effect on the government. This is why we had a prolonged investigation before the committee. Because it was prolonged, there was not sufficient time to go into a number of things which should have been gone into. No one in this party will sponsor government-financed support for subversive political strife. No one will be unduly influenced by the evidence that the Montreal council brought before the committee. The evidence was largely circumstantial, and so far as I am concerned most of it does not wash.

This committee member for one—and there were others on the other side of the House—does not deny that the civic administration in Montreal is being challenged; nor do I deny that seditious and terrorist tactics should form no part of the CYC activities. But when the city of Montreal attempts to come before us and in a scarcely concealed manner lays the responsibility for all the troubles of the CYC and all the troubles of Montreal squarely at the feet of the CYC, I for one cannot accept it. When the city of Montreal was defenceless last November, it was not because of the five or six infiltrators in the CYC but because the city failed to come to terms with its policemen who had gone on strike.

• (9:30 p.m.)

The internal problems of Montreal are very serious and no one here would attempt to minimize them, least of all me, but that is not the point. The issue appears to be that the government is prepared to abandon all pretence at giving approval to a pluralistic society because, after two months, the permanently elected council has failed to deal with the problems that a government appointed council could not resolve after three years.

What we are really saying to the youth of this country is, "We do not approve of your outlook. Why can't you be more responsible, like us, for instance? We are responsible. We tolerate the arms race, war, pollution, alienation, and discrimination. We have done it for years. Why can't you be more like us? Go ahead with your little patchwork community-chest type of projects if you like, but do not, for heaven's sake, threaten the power structure". Regardless of the ineffectiveness of its $1.9 million annual budget with which to wage war on poverty, it is rather like fighting an elephant with a peashooter. I think that members of the government, when asked by committee members what happened to the

war on poverty, said emphatically, "We lost it."

Aside from all these things, the CYC is a symbol for the young people of Canada that the government is secure enough to withstand the questioning of the young and that it really believes in change. It does not bother me a bit that some provinces or municipalities may feel uncomfortable at the presence of the CYC. If we are going to cook tasty omelettes, it may be necessary to break a few eggs. The company cannot avoid involving itself politically, and it cannot avoid unjust legal constraints on its work if it is to accomplish its goals and improve the life of people who are at present voiceless.

We must remember that this is a risk Parliament took at the outset when the act establishing the company was approved unanimously. But even though we support a better methodology and a better accountability for the company, or its law and order, I do not think anybody can support any lack of ethics or unlawful behaviour. Then we approve of law and order, but what we are really doing is stifling all dissent, that is something else again. We have lost the war on poverty—that appears to be plain for all to see—but we must be mature enough to recognize that there are many groups in our society which desperately need the kind of work that the CYC, properly constituted, can perform.

I should like to read to hon. members a few excerpts of a poem written by Gary Dunford. He made some recent poetic comments on law and order. He wrote:

> Who's that tappin' down the street?
> Hear his gleeful, good guy feet?
> Safety in the suburbs? neat!
> It's mister law and order!

Further down he wrote:

> Civil rights, that's all passé
> Martin Luther's gone away,
> Jail 'em all, that's what I say,
> With mister law and order!—
>
> I teach my kids the cops are fine
> They keep the anarchists in line
> Let's all parade, I got my sign
> For mister law and order.
>
> Don't want no trouble, no disgrace
> The cops can keep them in their place
> I'll close my ears, you shut their face,
> With mister law and order.

I think the minister does not support the kind of attitude expressed in the poem. He defended the concept of government sponsored dissent on October 29, 1969. He was speaking about the constant participation in which he believed. He referred to constant participation by various people concerned with the legislation before Parliament. This is what he said:

> It is interesting that the major corporations, and professional groupings of this country discovered the importance of this factor, many, many years ago. They developed public relations firms, PR departments, advertizing units, whose purpose it was to deliver the message—their message—to the people making laws. A company president or vice-president will not hesitate to take a parliamentarian to lunch to discuss a matter that is of particular interest to him.
>
> I do not disagree with this process, as long as it is done in the open. In fact, I believe it is one of the essential cornerstones of our system. It is important that all parliamentarians know the interests that are being represented by a person—a lobbyist. However, it is as important that the lobbyist be given the opportunity to present the opinion and attitudes of his client.

Further on he says:

> I am not about to suggest that we take away this subsidy, but rather that we pose another question. What about the vast group of individuals living in cities, rural areas, poverty situations, who have not or cannot take advantage of these tax deductions, in order to present their opinion to the public. These groups are at least as important, and in many ways, much more important, than the population that can organize and perhaps gain a monetary benefit from presenting its opinion.

The minister is saying that it is not wrong to spend government money to give people the opportunity to present their views through the CYC, provided it is done ethically and legally. That is not the point. What we are talking about tonight is the necessity of taking certain steps to ensure that it is done ethically and legally.

Hon. members will be pleased to hear that I have almost concluded my remarks. The time which I spent on the committee investigating the CYC was an agonizing experience. I think it is important to say that the matter we discussed was of great complexity and had far too little time to deal with it. I should also like to repeat the remarks of the hon. member for Winnipeg North (Mr. Orlikow), that a chance was not given the volunteers who were accused to come before us and defend themselves. I think there is no escaping from that fact. I have other misgivings about the way we held our hearings, including the fact that we visited no project, either here in Ottawa where there are seven or eight, or a number of others in Montreal and Toronto. Yet we have submitted our report stating the view that, given the proper guidance and more time, the company itself could overcome some of its problems.

Company of Young Canadians Act

The bill before us tonight is unacceptable to our party. Clause 2 of the bill goes far beyond the point of providing financial accountability. It imposes a financial Czar at every level of the Company of Young Canadians. It does not, as the trusteeship suggested, allow the council and executive director to work on the problems suggested by the committee report. It puts dictatorship at every level of the company operation. As I read clause 2, the company cannot hire or contract a volunteer. It cannot even buy a postage stamp, nor can it enter into any kind of an arrangement concerning a project.

• (9:40 p.m.)

I realize the concern of the government regarding lack of financial continuity. I believe subsection 2 should state that the comptroller should be a signatory of the company for every cheque. Our party would have no objection to that. Nor have we any objection to subsection 3, the demand for vouchers. I hope the minister will assure the House that he supports our amendment that a financial administrator be appointed to look after and supervise the financial accountability of the company, but that he stays out of policy decisions. If the minister and his colleagues agree to this, there will be very little opposition from my party.

If the minister can answer the problem that was raised earlier about a permanent financial Czar and, as was suggested by the parliamentary secretary, that his office be limited to the end of the fiscal year, March 31, 1970, I am quite certain that most of us would be well satisfied. So we have no objection to the minister discussing this whole matter in Committee of the Whole. Then we can deal with the various amendments proposed by all parties.

Mr. Olson: I rise on a point of order, Mr. Speaker. As acting House leader, I understand that there may be a disposition on the part of members on all sides of the House to change the motion to refer Bill C-171 to a Committee of the Whole rather than to the Standing Committee on Broadcasting, Films and Assistance to the Arts. If there were such agreement, perhaps we could do that whenever we dispose of the motion before the House.

Mr. Baldwin: On the point of order, Mr. Speaker, there was indeed such a disposition, and still is. It was linked with another offer and related to the question of time which should be inserted in the bill. It may well be that the minister and members of the government would want to ponder this during the course of the evening and come to a decision more favourable to the original suggestion as to the time at which the financial comptroller should take over. It may be that we should all consider it a little and work out a happier arrangement tomorrow.

Mr. Knowles (Winnipeg North Centre): On the same point of order, Mr. Speaker, may I say that so far as our party is concerned we would be willing that the change be made as suggested by the acting House leader, namely, that the bill after second reading be referred to Committee of the Whole rather than to the Standing Committee on Broadcasting, Films and Assistance to the Arts. However, that does not change the fact that we have an amendment to the motion for second reading and we have a position to uphold. The suggestion was that it go to Committee of the Whole after second reading, rather than to the standing committee, and this is acceptable, but that should not do away with our amendment. As the member for Peace River (Mr. Baldwin) says, there are things that the government might like to think about overnight.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF MUNICIPAL DELEGATION FROM CORNWALL

The Acting Speaker (Mr. Béchard): Order please. Before recognizing the next speaker, I should like to mention the presence in the Speaker's gallery and in the next gallery of an important delegation from Cornwall led by the Mayor of that city and including the aldermen and their charming wives.

[*English*]

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

The House resumed consideration of the motion of Mr. Pelletier that Bill C-171, to amend the Company of Young Canadians Act, be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

Mr. Prud'homme: Could I ask a question? It is very simple. I do not want to engage in any controversy with the hon. member, but I should like to ask him this: If this law forming the Company of Young Canadians was so

ill-conceived and so well surrounded by political friendship, why did his party, which is never afraid to speak up, vote unanimously for it?

Mr. Rose: Mr. Speaker, it was not that the law was so ill-conceived because of political partisanship. If the hon. member will look at the various clauses of the bill and the report, he will see that not only our party but his own supported substantial revisions. I am sure he cannot help but agree, in view of the report, that the law was very badly drawn.

Mr. Prud'homme: I am not talking about the report, I am talking about the—

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Béchard): Order, please.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, before dealing with the Company of Young Canadians I should like to join Your Honour and other Canadians in the warm welcome to the company of old Cornwallian Canadians. I hope they are enjoying themselves this evening.

So that there will not be any veil of mystery around this matter, the proposal that the hon. member for Annapolis Valley (Mr. Nowlan) presented to the government should be studied. It is one which seems to him and to some of us in the Official Opposition who have been dealing with this very vexatious problem, to provide that the powers of the financial comptroller be limited. There appears to be some merit in the suggestion because we would be giving back the powers to a man who would be required to interpret the will of 264 Members of Parliament as well as members of the other place. The suggestion of the hon. member is that this power run to the end of the fiscal year, that is, March 31, 1970, to gather whatever salvation is possible for the funds remaining unspent by the Company of Young Canadians.

I understand from the Secretary of State (Mr. Pelletier) and the Minister without Portfolio (Mr. Stanbury) that other measures will be coming before us to deal with the Company of Young Canadians. Surely we can take one of two courses over the next couple of months and get it properly set on its feet, or bring in a structured organization that will work. One thing on which we all agreed in committee was that the Company of Young Canadians should never continue as it has been operating up to the present. The vote was as simple as that. Some of us wonder if we ought to scrap it now and perform a mercy killing. We must come up with a structure that makes sense, if the organization is so awful that it should be run by trustees.

• (9:50 p.m.)

Surely nothing could be more condemnatory than that a body of people had to be imposed on it because it was so badly run, although I think that was the view of the majority following the suggestion of the Secretary of State when he presented the motion to have it referred to the committee in the first place. In any event, Mr. Speaker, there was the one point of agreement, that it should not be allowed to continue as it has existed until now.

We have seen almost everything this past week end that would reinforce the argument, and more particularly the argument of the Official Opposition, because half or three-quarters of the time of the council meeting of the Company of Young Canadians was spent discussing whether they were going to buck Parliament, whether they would defy each other, or whether the executive director was a fink. Those are not basic problems for a company that is supposed to call on the altruism and enthusiasm of the young people of Canada to do things to help the voiceless and the poor of the world.

We have had clearly and ably demonstrated to us stories of personality conflicts, stories of people using this project—a project which we set on its way with all our hopes and imagination behind it—to do their own "thing", some of this their own "revolutionary thing" and some of it their own "subversive thing". But, Mr. Speaker, others in the company have done such things as helping former inmates of penitentiaries, who do need a halfway house to assist them get back into the mainstream of life. It was this tremendous meshing together of the good and the sleazy that bothered us. One of the oldest laws in the world is at work in such circumstances, Gresham's law, which says that the bad will always debase the good. I suggest that with this bill and a succeeding bill to follow, we will still not be able to put the Company of Young Canadians together again as a believable force for most of the young men and women in Canada. It would still have that tinge or taint about it of those who would subvert public purposes to their own ends.

Company of Young Canadians Act

The Toronto *Globe and Mail* this morning covered the week end's activities in a rather startling article by John Burns, who wrote:

Two members of the Company of Young Canadians governing council—one of them the chairman—resigned abruptly on Saturday after the council voted 5 to 3 against firing two Toronto volunteers who were said to have done no useful work for the company whatsoever—

The volunteers, both Americans—

So, it is the Company of Young Canadian Americans.

—live in a house on Ward's Island and receive benefits from the company totalling about $975 a month, plus $75 a month for the rent of a basement office on Spadina Avenue. Part of the money—$85—is earmarked for support of a young woman who is declared a dependent of one of the Toronto volunteers.

A report prepared for the council said that there was no evidence that the volunteers—Larry Williams, 24, originally of Los Angeles, and David Gardiner, 28, from Buffalo—had made any real effort to fulfil their assigned task of working with alienated youth.

The report said the volunteers had refused to co-operate with CYC staff and with the Ottawa headquarters, and had misled the reporting team on key points. It also cited use by the volunteers or their friends of a Government telephone line for long-distance calls to Hollywood and other U.S. points.

I wonder what problems in Canada they were going to solve by calling Hollywood? Maybe they wanted to sell Hollywood their life stories about the experiment they had entered into, an experiment which I will tell you about in a moment.

The Spadina Avenue office is in the same building as the headquarters of an underground newspaper called *Harbinger*. The *Harbinger* staff, with assistance from Mr. Williams and other volunteers, mailed post free a tabloid containing vulgarity in CYC envelopes in October. The envelopes bore the inscription On Her Majesty's Service.

I imagine that we will have the Postmaster General (Mr. Kierans) on our side trying to stop these fellows.

Mr. Baldwin: Did they say they were working with underprivileged Toronto MPs?

Mr. McCleave: I do not know, but I will tell you something about this experiment.

Mr. Williams ... told the council that the volunteers and a community of about 300 people were conducting an experiment in living. He said it was machines, not men, that work.

That is the way this country is drifting. In a winter of high unemployment I will grant that.

Later, he told a reporter that the community he spoke of was spread through Toronto "and the world."

[Mr. McCleave.]

It does not sound so bad if there are only 300 of them and they are diluted through the world.

Members considered themselves "the new natives," pioneering a life style for all, he said.

Nowhere in this report and in other reports that I have read has anybody been able to explain what this experiment in living is all about. Yet this is costing us $975 a month, plus another $75 for rent, and $85 of this money is earmarked for the support of a young woman who is a dependent of one of these two characters. Quoting again from the newspaper report:

The council members who voted to continue the scheme—known as the Toronto Youth Project—took the position that the council was in no position to judge the value of the volunteers' work.

I would think that was putting it mildly. I do not think anybody could judge the value of these two gentlemen's work except possibly the young lady who is the dependent of one of them. I continue the quotation:

One, Millie Barrett from the Lakehead, said the issue was whether the CYC was going to sponsor venturesome projects or play the game according to the rules of "the Establishment."

I do not know whether this experiment is something new. I do not know whether it does play the game according to the rules of the establishment because nobody has been able to set it forth succinctly. The press did reach the young lady concerned, and while she did not want to admit them to the home she was living in with one of the CYC people, she did grant a long telephone interview in which she said:

"I'm not a common law wife. I don't have physical relations... I'm not living in what some people call sin."

I put that on the record to justify her position. Whatever the experiment was—

Mr. Lewis: What do you call it, Bob?

Mr. McCleave: I call it living in a quandary, because if she is carrying on some experiment in living relations with 300 people, that must be about the busiest house in Toronto if not in all Canada. Anyway, I just point this out to show that while we are presented with a serious bill by the government, one to which it has given consideration, the council met and was not able—

The Acting Speaker (Mr. Béchard): Order. The President of the Privy Council (Mr. Macdonald).

Mr. Macdonald (Rosedale): Mr. Speaker, I wonder if I could make two suggestions to the House. Since there appears to be general agreement to accept an amendment, which the government would be prepared to move at the committee stage, to reduce the period of time in which the comptroller would be operative, say to the end of the fiscal year, and since there also appears to be general agreement that the bill ought to be passed quickly, perhaps the House would agree to continue to sit past ten o'clock for the purpose of allowing hon members who want to speak on second reading to do so, and then possibly we could deal with the amendments. In this way we could continue to make progress and have the bill enacted speedily.

Mr. Baldwin: Do I understand the minister to say there would be an acceptance of the principle that the date of the operative part of the bill would be limited to March 31, and in addition that there should be an arrangement by which, with unanimous consent, the bill would be referred to the Committee of the Whole, and that hopefully we would give it second reading tonight and then proceed in committee tomorrow?

Mr. Macdonald (Rosedale): Further than that, I would be prepared to move an amendment terminating the appointment at March 31 next.

The Acting Speaker (Mr. Béchard): Is this agreed?

Mr. Peters: No.

• (10:00 p.m.)

The Acting Speaker (Mr. Béchard): There is no unanimous consent.

Mr. Macdonald (Rosedale): Mr. Speaker, I rise on a point of order. I gather that there has been some misunderstanding with regard to the disposition of the proceedings mentioned a moment ago. I believe that there is a disposition at this point to give the bill second reading, after which we will proceed with the Committee of the Whole stage tomorrow.

Mr. Stanfield: Mr. Speaker, that is on the basis of the undertaking the government House leader gave previously.

Mr. Macdonald (Rosedale): I gave an undertaking and am prepared to stand by it.

Mr. Lewis: On a point of order, Mr. Speaker, may I ask what is to happen to our amendment? Could the government House leader indicate what we are to do with the amendment to the main motion?

Mr. Macdonald (Rosedale): As I understand it, Mr. Speaker, the amendment was introduced by the hon. member's colleague and I gather it is to be withdrawn. Is that not understood?

Mr. Lewis: Oh, no, Mr. Speaker. That was not the suggestion, and that is what worried me just now.

Mr. Stanbury: Why not deal with it in committee?

Mr. Macdonald (Rosedale): I am sorry, Mr. Speaker. It seems that I misunderstood; I thought there was agreement on the point. Perhaps we had better continue with the late show.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

REGIONAL ECONOMIC EXPANSION—HAWKESBURY—GRANT TO DUPLATE OF CANADA—LOSS OF JOBS BY OSHAWA EMPLOYEES.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, on Monday last I asked the Minister of Regional Economic Expansion (Mr. Marchand) to account for the decision which resulted in the loss, in the fall of this year, of several hundred jobs in Oshawa. At that time the question was ruled out of order. I am now raising this matter because it is important not only to our entire community but to the entire regional economic development program this government has undertaken.

What are the facts? The company directly involved in the matter is Duplate of Canada Limited. The company, as is frequently the case, is misleadingly named. Duplate of Canada is owned in great part by the Pittsburgh Glass Company which controls some 66 per cent of the shares, and Pilkington Glass Limited, a subsidiary of Pilkington Brothers of England, which owns the remaining shares. These two foreign corporations happen to be the two major glass manufacturing concerns in the world. The Canadian company can

scarcely be said to be small. Furthermore, it is not at all a Canadian-owned company. The major shareholders of Duplate of Canada in 1966 employed some 38,000 people, had sales in excess of $900 million and assets exceeding $600 million in net worth. The Canadian company has parents which on the international scene are by no means small.

For a number of years the Duplate Company has been producing glass products for automobiles in Oshawa. Last year this government awarded $868,845, under the Area Development Incentives Act, to Duplate of Canada so that the company could build a new plant at Hawkesbury, Ontario. Hawkesbury, as hon. members no doubt know, is in a designated region. The new plant opened on May 1.

What were the results of the government's subsidizing the new plant to the tune of nearly a quarter of the total capital cost? The immediate result was that in the Oshawa area we lost 300 jobs this fall. A secondary result was the employment of slightly more than 100 people in the Hawkesbury area at rates that are between 25 cents and 56 cents an hour less than those paid by the same company to its employees doing the same work in Oshawa.

Mr. Gilbert: Shame!

Mr. Broadbent: Just over a month ago the same company hired a third shift of 54 people in the local area on the basis that they would be employed for some time. In fact, the company employed them for exactly one month before laying them off on November 8. So much for the reputation of this company as a reasonable and considerate employer.

What are we to conclude from all this? The conclusion is that the government has simply transferred unemployment from one part of the country to another. Second, it has done so by making public funds available to a foreign-owned corporation which really had no need of them. It all amounts to an example of dreadful economic planning by the government. There can be no excuse for a measure of this kind. If we are told that this was done under the terms of an old bill which is no longer part of the government's program, I can only say it is a completely inadequate answer. The bill has been criticized time and time again and it should have been amended when the first example of its misuse was pointed out. The government should not have waited for disaster to strike in individual homes either in my constituency, as in this case, or elsewhere. The bill should have been revised at once. Perhaps it should not have been put forward in the first place.

The situation to which I have drawn attention raises serious questions with regard to the discretionary power which has been given to the minister in the new legislation. I look forward to hearing what excuses or reasons the government can put forward in explanation of this kind of bad and reprehensible economic planning.

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, in reply to the hon. member for Oshawa-Whitby (Mr. Broadbent), I should like to point out that there is no connection between the subsidy granted by the government in order to promote the industrial development of this company located in a designated area, and the laying off of a number of employees in Oshawa, for the following reasons:

a) In 1967, the company decided, in order to meet US competition and to take advantage of the new Canada-United States Auto Pact, to rationalize and streamline its production.

b) In Oshawa there was not enough space available to install new rolling mills so the company had to move anyway to a new location where it could carry on its operations. The ADA program was designed to urge the company to move to a location where the employment rate was low and such was, precisely, the purpose of the program.

c) Right at the beginning, the company informed the union of the workers affected by this decision and offered them the possibility to settle in Hawkesbury. Twenty-five employees took advan age of this offer and 50 to 60 others went to Oakville and Windsor for the same company which was also modernizing its plant in those cities.

d) This new project resulted finally in reducing the staff by 75 workers in Oshawa because of the setting up of this new plant, which would have taken place in any event with or without any federal contribution to help these underprivileged areas.

e) Recently, the company laid off a far greater number of employees but this was due to a considerable reduction in the production of automobiles. It seems, however, that these are temporary layoffs which have nothing to do, besides, with the construction of the new factory in Hawkesbury.

• (10:10 p.m.)

[*English*]

NATIONAL FILM BOARD—RECONSIDERATION OF ORDER LEVYING CHARGES FOR USE OF FILMS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, it has been brought to my attention that the National Film Board recently introduced a policy whereby they charge for films that have already been produced and are lying in the Film Board archives. These are films that have been distributed to Film Board libraries across Canada, and generally have been used by institutions and organizations for educational purposes.

In my own area the Indian reservations need to be educated about the Canadian way of life, because many of them do not have CBC television reception. Consequently, these Indian reservations must resort to National Film Board facilities. I remember as a young boy using these facilities, and many of these films awed us in our day. Many of our young people in these frontier areas, if I may call them that, have been impressed by these films, and are today.

Under this new policy the Film Board is going to charge for the use of these films. As I have said, the films are in stock, and I think nothing is to be gained now by imposing a charge for the use of the film. I think the prime motive in the minds of a lot of the librarians is to find a quick way of destroying the National Film Board.

The minister is not present in the House tonight and has left it to his second lieutenant, or whatever his classification may be, to explain his policy. I do not think the amount involved will be very large. According to resolutions passed by the Saskatoon public library, from January 1, 1969, to November 30, 1969, the system lent 6,334 films. If these films are to now carry a charge of $3 per film, the amount involved, $18,000 odd, could hardly be called a fantastic sum. Even if the maximum charge were imposed, the amount involved would be only $72,000. However, the amount itself is not important. What is important is the film material. I do not think the minister quite appreciates this.

Judging from some of the minister's letters to my colleagues, he is not exactly aware of what is going on in his own department. A colleague of mine wrote to the minister saying he thought the present practice should be continued. The minister replied that there had been no change in the present pattern, so I am not sure that the minister really knows just what is going on. Surely he could spare the amount of $72,000 which would have been charged in my own province had the new policy been in effect. If he must save a few dollars, surely he can do it by economizing on just one program of the CBC.

The National Film Board has already indicated it has had recognition in many areas. I think there is going to be a presentation to the Prime Minister (Mr. Trudeau) tomorrow. I do not know whether I am in order in reading part of this announcement, but perhaps I could read the statement which will be made tomorrow in French. I hope the House will forgive my lame attempt in the French language.

[*Translation*]

Ironically, we get less recognition in Canada than abroad.

[*English*]

In other words, my interpretation is that, ironically, we are recognized more outside Canada by strangers than we are by Canadians. This indicates to me that somewhere along the line the minister has not recognized the value of the National Film Board. Over the years as a young student I watched other students take advantage of films produced through the facilities of the National Film Board. These have been produced free of charge in order that students might learn to live in and understand Canada. The minister must realize that Canada is not Montreal, and that Canada is not Quebec. To the Indians in the northern part of my riding Canada is the area in which they live, and the southern part of Saskatchewan. If the Indians saw a film about a wheat-growing area they would be thrilled. I am sure if we saw a film about the life of our northern Indians we would understand a little better the way they live.

Those of us who hold the positions we have in this place should work to help these native people solve their problems. I think the minister has been misguided. For once I should like to see him withdraw a directive of which he is perhaps unaware but obviously should—

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

Hon. Robert Stanbury (Minister without Portfolio): Mr. Speaker, I thank the hon. member for raising this question and for his expression of confidence in the National Film

Board and its work. I know the Secretary of State (Mr. Pelletier) would appreciate the praise which the hon. member has heaped on the board, which is worthy of much admiration and support in this House. I am sure the hon. member wants to be fair to the minister in noting that he is not in the House at this moment. I think the hon. member will acknowledge that the Secretary of State has been in the House all day on another matter and that he was tied up all morning on government business. I hope the hon. member will not mind if I respond on the minister's behalf.

The films of the National Film Board have in fact become so popular, as the hon. member has indicated, that this in itself has created a problem. I suppose this is partly a problem of success and partly a problem arising from austerity. The fact is that the board advised the Secretary of State that the demand for its films has become so great, combined with restraints on its expenditures, that it has not been able to increase the staff in its regional offices and to produce the additional prints necessary to meet all the demands on its current budget.

• (10:20 p.m.)

The result is that persons using the board's services are being asked to share in the cost. The board, I understand, has decided it should introduce, effective January 1, 1970, a rental fee on all films borrowed from its libraries across Canada. The schedule of rates, I am informed, would be based on the length of the film. For a loan period of a day, that would vary between $3 and $12 which is not a large sum, as the hon. member has indicated. He has mentioned that it would amount to $72,000 in Saskatchewan alone. I ask the hon. member if—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but his time has expired.

LABOUR CONDITIONS—FAIREY AVIATION LAY-OFFS—INCOME MAINTENANCE BENEFITS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my purpose tonight was to attempt to obtain replies to several questions asked during the past week or ten days in the House in respect of the pending closure of the Fairey of Canada plant. Notwithstanding the fact that certain government members are attending the Christmas party, I am very disappointed that neither the Minister of

[Mr. Stanbury.]

Regional Economic Expansion (Mr. Marchand) or his parliamentary secretary could be here. I am a little doubtful whether I should proceed. I will proceed, however, and say that I think it is a pretty sad commentary on the plight of a very hard-pressed area to see the lack of interest tonight.

Before I refer to the four questions I have in mind, perhaps I might by way of preamble say that the Fairey Company, a 21-year establishment in the Atlantic region, is one of our larger industries. Perhaps it is more important to say it is one of our more critical industries. For some 20 years this plant employed on the average 1,000 to 1,200 men. With the sophistication of the aero space industry in Dartmouth, I think it can be said that the operation spread to include another 400 to 500 people in other firms in the immediate area. Now we have the very sad announcement by the officials of the company that the plant is to be closed on April 1, 1970.

I should like to quote from a telegram f om the Premier of Nova Scotia to the Prime Minister (Mr. Trudeau) dated December 8:

> The announced closing of Fairey Aviation in March, 1970, will have a serious effect to the economy of this area.
>
> Fairey Aviation employs 404 people, a high proportion of whom are highly skilled technical and middle management personnel. If these people are lost to us through closure of this operation we will have lost the great contribution they can make to the kind of progress which can utilize their skills and training.
>
> While Fairey Aviation is not a defence base the company informs us it is entirely dependent on defence expenditures for survival. The deescalation of these expenditures is responsible for the situation in which this establishment now finds itself. It is an adverse economic effect flowing from defence policy.
>
> I refer to your letter of May 30, 1969, in which you make reference to the fact that the regional economic effects of any changes in defence expenditures should be taken into consideration and your assurance that your colleagues and yourself have this in mind.

The premier of Nova Scotia goes on to assure the Government of Canada of that province's support in any efforts that can be made to save this vital and viable industry. I should like to quote from another telegram. This is from the mayor of the city of Dartmouth. I shall quote it only in part, as follows:

> The closure appears to be the direct result of federal government policy. If you have plans for the elimination of regional disparity their application should take place immediately.

The men employed at this plant represent a technology which has been based on the needs of the defence industry and cannot be assimilated in the local economy.

I repeat the words "cannot be assimilated".

This, despite your communication to me of June 24 that there would be no decrease in the defence budget.

The direct livelihood of 1,600 citizens of our community which represents approximately 4 per cent of our total population is at stake.

We expect immediate action from your government to resolve this crisis.

It goes on to speak about the concern of the community. One impression was clearly left, as referred to by both the mayor of the city of Dartmouth and the Premier of Nova Scotia, and indeed it is an impression I have had based on questions in the House and correspondence with the Minister of National Defence (Mr. Cadieux), the Minister of Regional Economic Expansion, and the Minister of Manpower and Immigration (Mr. MacEachen) with regard to government policies concerning economic conditions, particularly as they relate to defence spending in our area. That impression is that this government would take no action whatsoever as a result of internal defence programming or policy which would have a detrimental effect on the economy of our area. This is so. There is no question that the situation in which Fairey Aviation finds itself is the result of the de-escalation of defence spending and defence programming.

I want to make one or two points as a preamble before I ask my basic and short questions. Again, I do not expect the parliamentary secretary to answer this question, but I think it is important. I should like to quote from a speech made by the Prime Minister of Canada (Mr. Trudeau) at a time when he was ardently seeking that job. He made the speech in Hamilton in June of 1968. Part of it reads as follows:

In a rapidly changing economy workers sometimes lose their jobs because of major changes in government programs and policies. These workers are entitled to reasonable income maintenance benefits if they cannot find other jobs in their own vicinity and if for some reason they cannot benefit from the government's retraining and relocation program.

The key words there are "reasonable income maintenance benefits", and the fact that they cannot benefit from the government's retraining and relocation program is important. The Prime Minister went on to say:

Given the nature of the skills of these employees, it would seem that they could not be easily absorbed in the community. Nor, for a variety of good reasons not the least of which is the long duration of their employment in one type of work, can I see them all being usefully and quickly retrained. This leaves relocation. Only one brief comment about relocation. When it is involuntary, we have clear evidence of our failure.

My brief comment is simply that when relocation is involuntary, our system of government has failed abjectly.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member but his time has expired.

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the hon. member has just put before the House a matter which he holds dear, and rightly so, since it concerns the employment of several perons affected by the closing down of a company. Still, I wonder exactly to what department the question was directed. I believe it concerns the Minister of Defence (Mr. Cadieux) and the Minister of Manpower and Immigration (Mr. MacEachen) and the Minister of Regional Economic Expansion (Mr. Marchand).

I know that the Minister of Manpower and Immigration wishes to give a full answer to the hon. member. He apologizes for being absent this evening. Although he is back from the Maritimes, he was unable to get here soon enough to answer the question.

The Minister of Manpower and Immigration, and the Minister of Regional Economic Expansion are deeply interested in the hon. member's question, as well as the Minister of Labour (Mr. Mackasey) who would like unemployment insurance to be available to those employees. I believe that was the point of the question of the hon. member, namely whether those employees would be able to get unemployment insurance benefits.

• (10:30 p.m.)

[*English*]

Motion agreed to and the House adjourned at 10.31 p.m.

HOUSE OF COMMONS

Tuesday, December 16, 1969

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

First and second reports of Standing Committee on Indian Affairs and Northern Development—Mr. Watson.

[*Editor's Note: Text of foregoing reports appears in today's Votes and Proceedings.*]

PRIVILEGES AND ELECTIONS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. Ovide Laflamme (Montmorency) moved that the third report of the Standing Committee on Privileges and Elections, tabled in the House on Thursday, December 11, 1969, be concurred in.

Motion agreed to.

[*English*]

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I rise to seek unanimous consent to move a motion under Standing Order 43. I will be as brief as possible.

The problem in respect of which I seek to move the motion is of urgent importance in terms of Canada's position in international affairs. As a result of the multilateral agreement at the 1944 Chicago International Civil Aviation Conference and as a result of approximately 25 bilateral agreements since that date, we as a nation are committed to provide full landing rights in Canada, as well as safe and adequate flight services through our control zones, to member nations under the above-mentioned agreements. Member nations under these conventions are committed to provide reciprocal rights to Canada. Legally, therefore, the member nations under these international agreements will have the power to deny Canada reciprocal rights should we fail to honour our international commitments, which would be the case in the event of a termination of control services.

If I do have unanimous consent I should like to move, seconded by the hon. member for Peace River—by the hon. member for St. John's East or any hon. member, for that matter:

That the House do consider the urgent and important implications of the impending Canadian Air Traffic Controllers strike and the consequential effects to Canada's reputation by virtue of our international commitments.

• (2:10 p.m.)

Mr. Speaker: As the hon. member has pointed out, this motion can be considered by the House at the present time, under the terms of Standing Order 43, only if there is unanimous agreement to proceed on this basis. I shall therefore ask the House whether there is such unanimous agreement.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous agreement. The motion cannot be put at this time.

IMMIGRATION

STATEMENT ON NUMBER OF IMMIGRANTS

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, a number of hon. members recently have raised the question of immigration policy with particular reference to a reported decline in the number of immigrants in the first nine months of 1969. I believe I promised I would make some comments on this matter to the House.

While it is true that in absolute terms there has been an over-all decline, especially in immigrants from Europe, I can inform the House that for the year as a whole we can expect a total of some 165,000 arrivals, a decline from last year of about 10 per cent. However, I should point out that this figure still represents the fifth largest immigration movement to Canada in the past 15 years. Indeed, the figure for the first nine months of

this year is greater than the 12-month total for nine of the last 20 years. When it is considered that last year's figures included some 9,200 Czechoslovakian refugees, the extent of the absolute decline in year to year terms is less significant.

As members will have noted, the major variations in immigration from Europe include a decline of some 8,000 from Italy, 5,800 from the United Kingdom and 2,500 from France. Immigration from the United States at the same time rose 1,500 to 15,400 in the nine-month period—

An hon. Member: Draft dodgers. You let them in.

Mr. MacEachen: —and immigration from the Caribbean rose to 10,500 compared with 7,500 for the entire 12 months of 1968.

I wish to assure hon. members that the modest over-all decline has not been the result of a restrictive attitude on the part of the government. Events and conditions in Canada, as well as developments in Europe, have had a significant influence on recent trends in immigration to this country.

The decision to emigrate is the result of a host of what I might term push and pull factors, the majority of them outside the purview of immigration policy. That there has been a lessening desire on the part of Europeans to emigrate to Canada is indicated by a drop of 20 per cent in total applications from Europe; there were 324,000 in the first nine months of 1969, a decrease of 85,000 from the same period last year.

Looking at a few traditional sources of immigrants, applications from residents of Italy were down 33 per cent in 1968. This decrease in applications last year is being reflected in the reduced flow of immigration in 1969. The number of people wanting to come from Britain in 1968 was 24 per cent below 1967; in Germany the drop was 52.9 per cent. The decline in applications is showing up in a reduced flow of immigrants this year.

In Asia and the Caribbean countries, on the other hand, the number of successful applications has continued to increase. This has led to an increase in the number of persons from those countries settling in Canada. This increase, coupled with the decrease in immigrants from European countries, is producing a perceptible change in Canada's immigration pattern. The new pattern is highlighted by an increase in the proportion of arrivals from Asia and the West Indies which four years ago represented only 10 per cent of total immigration into Canada. In the first six months of this year the proportion of immigrants from these areas had increased to 23 per cent.

As hon. members know, immigration criteria introduced in 1967 have an occupational content. A rating, in terms of points, is given for various occupations according to the demand in Canada at the time the application is assessed. When demand for an occupation lessens, the number of points which an applicant is awarded decreases. In 1968 and 1969, when demand lessened for certain occupations, ratings were diminished in consequence.

As an indication of our interest in encouraging immigration to Canada, I should mention that earlier this year we took various administrative steps which we hope will offset the external factors tending to discourage immigration to Canada.

These steps include increased promotional activity, the sending of teams into the field to stimulate applications through personal interviews, easier assisted passage loans, and so on.

I might mention that in material tabled in the House on December 10 members will have noticed a variation in refusal rates as between various countries. There are, of course, a number of complex factors bearing on the success or otherwise of applications and it is not possible to enter into detailed explanations in all cases.

However, taking France as an example, while it is a fact that the approval rate has been low and, conversely, the rejection rate relatively high, one of the reasons for this is that a very high proportion of applications came from non-nationals of France, many of them transitory or migratory workers with low skill and educational levels. Preliminary indications are that when non-nationals are abstracted, the refusal rate for French nationals approximates that of the United Kingdom.

In conclusion, let me make it clear that Canada needs immigrants and we are continuing our efforts to encourage them to come to this country. To this end the selection criteria are and will continue to be applied without discrimination as to race, colour, class, origin or creed. In the categories of sponsored immigrants and refugees not subject to the standard selection criteria, the exercise of compassion will continue to be a major consideration.

Immigration flow is influenced, often significantly, by external factors as well as domestic conditions. There have been variations in the past and there will be variations in the future.

For our part, we pledge to continue our efforts to keep the number of new arrivals as steady and consistent as possible with Canada's requirements and economic circumstances.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I feel I would be remiss if I did not preface my remarks on the minister's statement by welcoming him back to active participation in the affairs of the House. For too long we have been denied one of his oratorical displays and his sharp partisan spirit in debate. It has been so long, in fact, that many of us were beginning to wonder if there really was a Minister of Manpower and Immigration in this government.

Mr. Speaker: Order, please. I am sure the hon. member knows that in commenting on the minister's statement he should try to keep to the subject. It seems to me that he is now making rather extraneous comments.

An hon. Member: But truthful.

Mr. Speaker: I advise the hon. member accordingly, as required by the rules, to stay on the subject matter of the statement.

Mr. Paproski: Having said this, I must say also that it is far from reassuring to listen to his statement on recent trends in immigration. It is obvious from what he has just said that the period of his long silence and immersion in the affairs of his department has produced little that is encouraging in Canada's immigration picture. The Cape Breton mountain has laboured and brought forth a West Indian mouse.

• (2:20 p.m.)

I would be the last person to criticize, on grounds of race or colour, an immigration policy that emphasized the bringing in of West Indian and Asiatic immigrants. I do not believe these are valid grounds for judging the suitability of immigrants. But I do believe it is legitimate to criticize a policy that concentrates on immigrants who, by reason of climatic conditions in their country of origin and by reason of their standards of skill and training, inevitably pose great problems for everyone concerned with their relocation in a radically different, highly sophisticated, industrialized, urban society such as ours.

It is of interest to recall the many recent stories in the press about Australia's immigration policy. If I recollect correctly, one story last week said that Americans were entering Australia as new settlers at the rate of 4,000 a month. Other stories tell of heavy emigration from Great Britain, the Low Countries, Germany and Scandinavia to Australia. The reason given is the expansionist policy of the present Australian government and the heavy accent on resource development and economic growth "down under".

Certainly any skilled European worker, professional man or person with capital to invest in a small enterprise would look twice at the Canada of today before deciding to come here permanently. We are being bypassed by the most desirable type of immigrant because Canada today presents a picture of a dormant economy, a country obsessed with social welfare and constitutional programs, where economic expansion is at a standstill and taxes are multiplying in increasingly burdensome tiers.

Mr. Trudeau: Talk about bringing forth a mouse!

Mr. Paproski: It appears from what the minister has just told us that our manpower and immigration teams abroad have lost their effectiveness. Either they are unable to make Canada appear sufficiently attractive or they lack sufficient incentive. Perhaps the current austerity drive has weakened their effectiveness.

I would welcome a further statement from the minister at an early date that would explain how our once potent lure for immigrants has suddenly gone sour.

Mr. Trudeau: Guys like you.

Some hon. Members: Oh, oh!

Mr. Paproski: You are nobody until somebody loves you—

Some hon. Members: Oh, oh!

Mr. Paproski: —and you are nobody until somebody cares, and that is exactly what I expect from the right hon. gentleman.

As I said, Mr. Speaker, I am not against immigrants coming to Canada from Asia, the Middle East or the West Indies. I simply feel that the current flow of immigrants has been thrown out of balance to the point where immigrants from those areas are a flood and immigrants from Northern Europe a trickle.

Let us hope that the minister, now that he has re-emerged as an active minister in this chamber, will present us with a few answers and some practical means of readjusting the Immigration balance.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I welcome the fact that the minister says it is still the policy of the government, notwithstanding the actual decline in the number of immigrants, to continue efforts to encourage immigrants to come to this country on a non-discriminatory basis.

Mr. Lambert (Edmonton West): There is discrimination.

Mr. Trudeau: Against West Indian mice?

Mr. Brewin: Mr. Speaker, I wonder if I have the floor or whether there is a debate going on between others in the chamber.

Mr. Speaker: May we have order, please.

Mr. Brewin: Mr. Speaker, I was about to say that although I welcome this attitude of the government I am afraid it is not fully reflected in the processes for the admission of immigrants. They are highly unsatisfactory at the present time. They are far too subjective. Too much is left to the discretion of individual officers under personality assessment. There is too much secrecy. Fifteen of the points for an immigrant who seeks 50 points to come into this country have to do with what is called occupational demand and are based on figures collected by the department, but these figures are kept secret from applicants, their lawyers and, indeed, from the Immigration Appeal Board which has the duty to review these matters. We have made a farce out of the special inquiry hearings and out of immigration appeal procedures by this policy of secrecy, and I hope it is going to cease before long.

Along with other members of the House I have been waiting for a long time for the fulfilment of the undertaking of the minister and his predecessors to spell out in clear terms the right of refugees to come into this country and the terms under which they may come. It is all very well to wait for emergencies such as that in Czechoslovakia. Unfortunately, however, there are refugees from other parts of the world, and I hope it will not be too long before their rights to come to this country are spelled out.

I notice a major decline in the flow of immigrants from Italy and I believe one of the reasons is that there are many Italians in this country who are able to look after their aging parents but cannot bring them here until they reach the age of 65. It is a real hardship when, without doing any damage to our labour force, families cannot be united because these young people who have made a success in Canada as citizens are not given the opportunity to bring parents and other close relatives to this country.

The Act needs revision. Revision was promised three years ago in a white paper but there has been no revision yet. What is happening in the department? What is the energetic minister doing about revision of the Act? Let us have a revision of the Immigration Act. The regulations introduced in 1967 have proved unsatisfactory in many respects. Let us have a parliamentary committee review them.

Lastly, Mr. Speaker, anyone familiar with this field knows that the special inquiry proceedings and the Immigration Appeal Board are burdened with too many cases. If more personnel is needed they should be hired, despite the freeze, because it is important that the flow of immigration to this country not be impeded by the blockage that is happening at the present time.

Mr. Dinsdale: It is shocking.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I have not quite understood why the minister felt himself required to justify this drop of 10 per cent in the immigration figure for the first nine months of the year. However, it is my humble opinion, Mr. Speaker, that quantity is less important that quality in immigration.

We know that, particularly during the past few years, the government selection procedures have involved requirements for higher qualifications from would-be immigrants. I wonder, however, whether their moral qualifications are being given sufficient consideration. In fact, during the past five years, among those who appeared before our courts because of participation in demonstrations, mostly in recent months, we find that too often those involved are newcomers to Canada.

While we require technical knowledge from would-be immigrants, we find that a great many young Canadians, technical school or

university graduates, have to migrate to the United States or elsewhere if they are to put into practice what they have learned.

We do not need immigrants to develop our country as much as we need funds to produce more economically.

I have often heard some thinkers within the government, some great economists, state that immigrants eventually become consumers and thus contribute to the development of this country. That is not my opinion, for the immigrant comes to Canada provided he is sure of employment, and owing to industrialization and automation, he becomes more of a consumer than a producer. With the help of machinery, we produce more than we consume.

As to the reduction of prices, thanks to the increase in population, the argument of the government's thinkers does not hold water. In my opinion, there is no need to be concerned by the decreasing number of immigrants, particularly when we consider the situation in Canada today.

• (2:30 p.m.)

[*English*]

Mr. Speaker: Motions.

Mr. Lewis: On a point of order, Mr. Speaker, before we leave motions will the Minister of Transport make a statement to the House about his plans, should the air traffic controllers be forced to go on strike, and give the House at least that information he gave to the media yesterday during the question period outside the chamber when teacher did not permit him to come into the House?

Some hon. Members: Oh, oh!

ORAL QUESTION PERIOD

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Minister of Transport. Since he made statements outside the House with regard to the imminent strike by the air traffic controllers, could he make a statement about the matter to the House today? Particularly, could he inform the House about the present negotiations between Treasury Board and the Canadian Air Traffic Controllers Association and tell us where the matter now stands?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the answer might more properly come from the President of the Treasury Board. However, I believe I can advise the House that as of this moment representatives of the government and of the air traffic controllers are meeting here in Ottawa with a view to resolving the matters which appear to be in dispute in the negotiations. We will not know until later today if these efforts are successful. We are willing to co-operate in any reasonable way and are still optimistic that the projected strike will not occur. If it should occur despite our best efforts, then I think it is correct to say that it would have a very serious effect on commercial transport and would effectively, because of the safety requirements involved, cause a cessation of most commercial flights in Canada.

Mr. Stanfield: A supplementary question, Mr. Speaker. Will the Minister of Transport assure the House that he will keep the representatives of Treasury Board and of the Canadian Air Traffic Controllers Association together in discussions until they reach an agreement in order that a disastrous strike may be avoided?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, there is an old expression that it takes two to tangle. I can assure the hon. member that the representatives of Treasury Board will be prepared to continue negotiating non-stop in order to resolve this dispute.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Does the President of the Treasury Board intend to sit in on the discussions with the representatives of the air controllers? I notice that both he and the Minister of Transport are here while the meetings are going on. Does the minister intend to leave these discussions entirely to his officials or will he or the Minister of Transport, of both, sit in on these discussions in view of the tremendous importance these negotiations have for the people of Canada?

Mr. Drury: Mr. Speaker, I thank the hon. member for that advice. If either my presence or that of the Minister of Transport can be helpful, we are prepared to take any part we need to.

Inquiries of the Ministry

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. The minister says that he will sit in on these discussions if his presence will be helpful. We are coming close to the deadline. Surely the minister has made his decision. Does the minister not think that the matter is important enough for him to sit in on the discussions? I think the House has the right to know whether he will sit in on these discussions or leave the discussions to his officials entirely.

Mr. Drury: Mr. Speaker, I repeat that it is not a question of whether I think the discussions are important; it is a question, rather, of whether I can be helpful. That ought to be the consideration.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I direct a supplementary question to the Minister of Transport. Has the government of Canada made the necessary arrangements to fulfil its obligations under international air agreements to foreign airlines flying into or over Canada? I believe my colleague from Gander-Twillingate raised a similar question earlier.

Mr. Jamieson: Mr. Speaker, it would be impossible for us to make these arrangements if the air traffic controllers were to go on strike. The carrying-out of that commitment on our part is obviously related to our ability to provide air control facilities. Should the strike come about, and I hope it will not, it would affect Canadian air space only because I assume international carriers would prefer to find other routes to their destinations instead of entering Canadian air space.

Mr. Lundrigan: A supplementary question to the President of the Treasury Board, Mr. Speaker. While he is considering the matter, will he also promise the House and the people of Canada as well the international organizations involved that he will introduce a greater degree of flexibility into the negotiations in order that we may resolve the dispute, avoid a strike, and give proper recognition to the international aspects of the problem?

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a supplementary question to the Prime Minister. What plans has the government to implement some of the recommendations of the Woods task force report so that the Canadian people will not be held ransom, as I think they now are, by strikes or threatened strikes in this country?

[Mr. Drury.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question of the Woods Report was raised in the Speech from the Throne. We said that in the present session we shall introduce legislation in this regard.

Mr. Lambert (Edmonton West): Mr. Speaker, may I address another supplementary question to the Minister of Transport. Canada has certain obligations under bilateral agreements. If we fail to meet our obligations under these bilateral agreements to provide the necessary air safety controls, what position does the minister think Canada may be put in as a result of our not fulfilling our obligations?

Mr. Jamieson: Mr. Speaker, I cannot forecast what the situation will be in those circumstances. I can only say that I assume that in such cases the agreement either stands or falls on the ability of the parties to carry out their part of it. If we do not have air traffic controllers on duty it is obvious that we cannot fulfil our obligations in that regard. It is as simple as that.

Mr. Stanfield: A supplementary question, Mr. Speaker. May I ask the Prime Minister whether, in the event there is a failure to reach a settlement, the government intends to keep the House in session, as would certainly be the wish of hon. members on this side of the House?

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I thank the Leader of the Opposition for having offered his co-operation. If we decide to act in that way, we shall be thankful for it.

Some hon. Members: Hear, hear.

Mr. Lundrigan: Mr. Speaker, my supplementary question is for the Prime Minister. Have any representations been received from the international bodies which will be affected by the prospective strike? If so, what has been the response of the Canadian government to such representations, bearing in mind that the people at Prestwick have said they will not touch our aircraft with a ten-foot pole?

Mr. Speaker: The hon. member for Shefford.

Mr. Diefenbaker: Mr. Speaker, I do not know who has the floor.

Mr. Speaker: Is the right hon. gentleman rising for a supplementary question? The

Chair has recognized the hon. member for Shefford.

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

AGENDA FOR NEXT CONFERENCE

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I would like to ask the Prime Minister a question.

Can he tell us if the drawing up of the next federal-provincial conference agenda will be the responsibility of the chairman only?

[*English*]

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, instead of playing around with this prospective strike, does the government intend, in the event that a settlement is not arrived at, to bring in legislation in order to assure the continuance of Air Canada service while the processes of negotiation are continuing?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I think that is very much a hypothetical question at the moment, with respect. We hope that the negotiations will be successful. If they are not, then the House will be advised in due course of any action the government proposes to take.

Mr. Diefenbaker: Mr. Speaker, does the government intend to wait until a strike is under way before deciding on the course to be followed?

Mr. Jamieson: No, Mr. Speaker.

Mr. Speaker: The hon. member for Nanaimo-Cowichan-The Islands.

Mr. Diefenbaker: Mr. Speaker, I rise with great diffidence and deference. I would like to know what was wrong with that supplementary question.

Mr. Speaker: Order, please. I understood the minister to have answered the question. The hon. member for Nanaimo-Cowichan-The Islands.

Mr. Diefenbaker: I again rise. I do not do so often.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I want to find out how long the people of Canada are going to be played around with by this government in respect of this matter.

Mr. Speaker: I will try again. The hon. member for Nanaimo-Cowichan-The Islands.

INFORMATION

REQUEST FOR STATEMENT ON POLICY AND ADMINISTRATIVE MACHINERY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I wish to direct a question to the Prime Minister. In view of the fact the two reports of the Task Force on Information have been available for some time and the government has had an opportunity to decide the course it is going to follow, I ask the Prime Minister if he intends to make a statement to the House outlining the government's policy in respect to the information and what administrative machinery it is setting up to carry out that policy?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. It is my intention to make such a statement before Parliament adjourns for the Christmas recess. I still hope to be able to meet that deadline. If I do not, it will be very early in the new year.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. Has the government already set up administrative machinery to carry out a program known as Information Canada?

Mr. Trudeau: If the hon. member wants me to make a statement, Mr. Speaker, he should wait until I make a statement to get the information.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I am not asking the Prime Minister to make a statement. I am asking him to answer a simple question with a yes or no. Has the government now set up the administrative machinery to implement a program known as Information Canada?

Mr. Trudeau: I understand the hon. member is not asking me to make a statement on this but I may make one just the same.

Some hon. Members: Hear, hear.

Mr. Stanley Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. I ask the Prime Minister if the sign "Information Canada" on one of the offices of

the Privy Council section on Sparks Street means that this operation is already in effect?

[*Later:*]

Mr. Barry Mather (Surrey): The question I wish to direct to the Prime Minister is somewhat related to those asked a few moments ago in connection with the Task Force on Information. Will the Prime Minister ask the Minister of Labour to look at the current series of very costly unemployment insurance advertisements now appearing in the newspapers, the main effect of which so far seems to be to inspire taxpayers to protest their appearance?

Mr. Speaker: The hon. member has made a representation. He has to assume it will be considered by the minister concerned.

THE CANADIAN ECONOMY

INFLATION—REPRESENTATIONS BY CHAMBER OF COMMERCE RESPECTING SPENDING PROGRAMS

Hon. Marcel Lambert (Edmonton West): My question is directed to the Minister of Finance. Could the minister tell us what answer was given to the representations of the Canadian Chamber of Commerce yesterday respecting absolute restrictions on the inauguration of open-ended or major spending programs by the government of Canada during the current struggle against inflation?

Mr. Speaker: Order, please. I wonder whether the hon. member for Edmonton West would not be inclined to agree with me that this is the kind of information that should be given by way of a general statement on motions?

Mr. Lambert (Edmonton West): A supplementary question. Will the minister make a statement as to the replies that the government made to the representations from such an auspicious body as the Canadian Chamber of Commerce whose representatives came here at great expense to make its views known to the government?

Hon. E. J. Benson (Minister of Finance): I would simply like to say, Mr. Speaker, that the question was not asked. It was contained in a brief. It was not raised at the conference at all.

[Mr. Knowles (Winnipeg North Centre).]

PUBLIC SERVICE

EFFECT OF CUTBACKS ON WAR AMPUTEES

Mr. Eldon M. Woolliams (Calgary North): On Thursday last I directed some questions to the Prime Minister and the President of the Treasury Board with reference to the lay-off of war amputees. Has the minister investigated the serious and unjust lay-off of war amputees engaged in the Public Service of Canada? Would he now give us the particulars of his investigation?

Hon. C. M. Drury (President of the Treasury Board): I think steps have been taken to advise the hon. member of the specific circumstances in the two cases he raised. I may say in relation to the general policy, Mr. Speaker, that a scheme for the declaring of redundancy and lay-off procedures was evolved after very lengthy consultations with the employee representatives in the National Joint Council of Canada. Agreement was reached on a philosophy for declarations of redundancy and alternative disposal of such cases. The general principle was that merit should be the sole test in determining the order of redundancy and that as a consequence this would be the predominant factor, but that humanity and considerations of humanity would have to be taken into account. This gives rise to very serious problems of administration for departmental officials.

Mr. Speaker: Order, please.

Mr. Woolliams: Mr. Speaker, to use a word like "redundancy" when dealing with war amputees is terrible.

Mr. Diefenbaker: Not only terrible but typical.

Mr. Woolliams: May I put this supplementary question to the President of the Treasury Board. Have the minister or his legal advisers seriously considered the Public Service Employment Act, section 16, in which by law, prior to the just society, veterans were guaranteed priority over other Canadians?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I wonder whether the question is procedurally acceptable? I have some doubts. The question might be asked in another way if the hon. member wishes to pursue the matter.

Mr. Woolliams: At your suggestion, Mr. Speaker, I will rephrase the question. Has the

minister considered the Public Service Employment Act in reference to the guarantee it gives to veterans, particularly the priority to war amputees over other Canadians in reference to employment in the Public Service of Canada?

Mr. Drury: I would like to point out that the employees in question have not been released from the Public Service but merely advised that they will no longer occupy the positions they now hold.

Some hon. Members: Shame!

Mr. Drury: If the hon. gentleman would just listen to the explanation he would be wiser.

Mr. Diefenbaker: The explanation is—

Mr. Drury: The employees in question have been advised they will no longer occupy the positions they now hold. The priorities they enjoy in the Public Service as to preferential employment will be applied, such preference as they have, to their relocation elsewhere in the Public Service.

Mr. Woolliams: I wish to direct one more supplementary question because this is important. I ask the minister to recheck to determine if Mr. Kent and Mr. Weir of Calgary were released from their positions together with other amputees across this nation? The minister is a soldier. He should know better.

An hon. Member: He is a what?

Mr. David Lewis (York South): In view of one of the answers of the President of the Treasury Board that merit would come first and humanity second, I ask my question seriously. Could the minister inform the House what percentage points are applied to each in the consideration of what is to be done with regard to employees of the government?

Mr. Speaker: Order, please.

POST OFFICE

ASSIGNMENT OF NEW PRODUCTIVITY EXECUTIVE

Mr. Stan Schumacher (Palliser): My question is for the Postmaster General and Minister of Communications. It relates to the recent inflation of his staff by the appointment of a senior productivity executive whose function I understand is to counteract inflation in his department. Can the minister advise if this new officer is to be charged with responsibility for working toward deflating the high postal rates now crippling the non-profit press?

NATIONAL DEFENCE

FUTURE STRUCTURE OF MILITIA FORCES

Hon. J. A. MacLean (Malpeque): I wish to ask the Minister of National Defence if it is his intention to make a statement before the Christmas recess with regard to the new level of establishment for Canada's reserve forces?

Hon. Léo Cadieux (Minister of National Defence): Yes, Mr. Speaker. I anticipate I will be in a position to make a statement or at least table in the House a very documented report. A statement would take 20 minutes.

An hon. Member: It is worth it.

Mr. Cadieux (Labelle): I hope to do it on Friday morning in whichever way I deem best.

LABOUR CONDITIONS

DISMISSAL OF EMPLOYEES AT U.S. BASES IN NEWFOUNDLAND

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I wish to ask the Minister of National Defence a related question. Is he now in a position to answer the question put to his colleague the Secretary of State for External Affairs yesterday regarding the lay-off of civilians at U.S. defence bases in Canada?

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, as a matter of fact I have a prepared answer here. There seems to have been a misunderstanding as to terms. The answer is that our representations to the United States authorities were successful on some points but not on all points. For instance, we were unfortunately not able to secure a lengthening of the period of notice of lay-off given to individuals, but we were successful in persuading the U.S. authorities of the need to implement their decisions in a way which would minimize hardship to those involved—for example, those living in houses on the base. In addition, as a result of our representations the United States authorities were willing to adjust the timing and scope of their announcement so as to help Canadian government departments in their efforts to assist those adversely affected.

[*Later:*]

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I have a question for the Minister of

National Defence which is supplementary to the one asked by the hon. member for Malpeque. On the basis of the negotiations he has had with the United States government, can he tell the House whether there is any truth in the rumour that the United States naval base at Argentia is to be closed some time in 1970?

Mr. Speaker: Order.

Mr. Carter: Mr. Speaker, on a point of order, I think the minister wanted to answer my question. This is a matter of grave concern to the people affected.

Mr. Speaker: I appreciate the situation but the question as asked is not in order. The hon. member is asking the minister to confirm or deny a rumour. The hon. member will recognize that the question is not in order. Perhaps he might rephrase it.

Mr. Carter: Thank you, Mr. Speaker. Would the minister tell the House whether it is correct that the United States naval station at Argentia is to be closed in mid-1970?

Hon. Léo Cadieux (Minister of National Defence): I am not aware whether it is correct or not correct.

HISTORIC SITES

LOWER FORT GARRY—PAYMENT OF EXPENSES OF MILITIA UNIT

Mr. George Muir (Lisgar): Mr. Speaker, I have a related question for the Minister of Indian Affairs and Northern Development. Could the minister inform the House when all expenses incurred by the Fort Garry Horse militia during its tour of duty for the Historic Sites and Monuments Board at Lower Fort Garry last summer will be met by his department?

Mr. Speaker: Order. This question should be placed on the order paper.

Mr. Muir (Lisgar): On a question of privilege, Mr. Speaker, I ask this question because of its urgency. A number of these militiamen are university students who worked during the summer for—

Mr. Speaker: Order, please. In view of the explanation given by the hon. member, perhaps the minister might like to reply.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I know the problem and am pleased to report to the hon. member that discussions are now under way and we hope to arrive at a conclusion today or tomorrow.

[*English*]

CANADIAN SOVEREIGNTY

WATERS OF ARCTIC ARCHIPELAGO

Mr. Paul St. Pierre (Coast Chilcotin): Mr. Speaker, I have a question for the Prime Minister related to the report filed today by the Indian Affairs and Northern Development Committee, which recommends that the government declare to the world without delay Canada's full sovereignty over the waters within the Arctic archipelago. When may we expect a definitive statement on this question from the government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, may I remind the House that we did say in the Speech from the Throne we would introduce legislation on this subject in the present session. I expect it will be introduced early in the new year.

POLLUTION

DESIRABILITY OF USE OF OIL TANKERS IN ARCTIC WATERS

Mr. David Anderson (Esquimalt-Saanich): Mr. Speaker, I have a related question for the Minister of Transport. In view of the recent sinking of the Shell Oil tanker S.S. *Marpessa*, the largest ship ever to sink to date and one of a type which I understand would be used to transport Arctic oil, what steps have the government taken to have Canadians present at the investigation into this sinking so that we may better judge whether or not oil tankers in the Arctic are or are not desirable from the point of view of the Canadian people?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, Canada is a member of IMCO, which is the international organization dealing with such matters. I am not sure whether we will have somebody actually involved in the investigation, but we will have full access to the report of the investigation.

REQUEST FOR REPORT ON BRUSSELS INTERNATIONAL CONFERENCE

Mr. James A. McGrath (St. John's East): A supplementary question, Mr. Speaker. Is the Minister of Transport now in a position to

report to the House on the recent international conference on oil pollution of the high seas held in Brussels?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, this conference has concluded. The chief of our delegation, our ambassador, is now preparing a detailed report which should be in my hands in a matter of a few days; it may be available over the weekend. As soon as it is received and we have all the background to the matter, I will carry out my commitment to make a statement to the House.

[*Translation*]

PUBLIC BUILDINGS

VAL D'OR—OFFICE FOR INDIAN AFFAIRS DEPARTMENT

Mr. Oza Tétrault (Villeneuve): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development.

Can he tell us whether the Depar ment of Public Works has reached a decision as regards the building of office space for the Department of Indian Affairs in Val d'Or?

Mr. Speaker: This question could be put on the order paper.

[*English*]

THE CANADIAN ECONOMY

NEW INITIATIVES IN FIGHT AGAINST INFLATION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether, in view of the very alarming increase in the cost of living last month, the government proposes to take any new initiatives in its fight against inflation?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should indicate to the Leader of the Opposition that the government has this matter under continuous review. At this time may I also take the opportunity of offering the Leader of the Opposition my sincere sympathy at the loss of most of his senior staff. I wish to wish those who are leaving every success in their chosen vocations, and congratulate them on their perceptiveness in deciding there wasn't much future in their present jobs.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Stanfield: May I thank the minister for his interest and sympathy, but I am rising because I feel sympathy for the Canadian people. I think the Canadian people are entitled to an answer. Again I ask the minister whether, in view of the increase in the cost of living, the government proposes to take any new initiatives in the fight against inflation?

Mr. Benson: Mr. Speaker, I was simply hoping that the Leader of the Opposition's new staff would present him with some suggestions to assist—

Mr. Speaker: Order, please.

Mr. Benson: —in the fight against inflation, which we are keeping under continuous review.

Some hon. Members: Oh, oh!

Mr. McGrath: Obviously the minister cannot deal with it.

Mr. Speaker: Order, please. It seems to me that the present exchange is not likely to be very fruitful. Perhaps we should try another subject.

Mr. Stanfield: On a point of order, Mr. Speaker, I do not mind the joshing from the Minister of Finance but, if the question period is to be taken seriously in this House, when the Minister of Finance is asked questions dealing with important matters, either by the Leader of the Opposition or by any other hon. member, I think it shows contempt of the House and of Parliament if the Minister of Finance gives answers of that sort. We are raising questions of grave import to the people of this country.

Some hon. Members: Hear, hear!

Mr. Benson: On the point of order, Mr. Speaker—

Mr. Fairweather: Try using a film strip.

Mr. Benson: —each time the Leader of the Opposition has asked this particular question, one he has asked on many occasions, I have given a serious reply, and I will continue to do so. We consider inflation a matter of prime importance to this country. We have taken serious steps to reduce government expenditures and have directed our fiscal and monetary policies to the fight against inflation. We have indicated that if the present steps we have taken are not successful, then we will proceed with further steps. If we do

have to proceed to take further steps, then these will be announced in the House.

This was the answer that I was trying to give the Leader of the Opposition.

Mr. G. W. Baldwin (Peace River): A supplementary question, Mr. Speaker. Has the minister or his staff read the white paper recently introduced in the United Kingdom parliament—

Mr. Speaker: Order, please. The hon. member is asking the minister whether his staff has read a white paper. I am sure he would not suggest this is a proper question.

Mr. Baldwin: On the point that Your Honour has raised, may I say I simply want to ask whether a certain course is contemplated. The white paper suggests that the use of an early warning system with regard to prices and incomes, combined with definite guidelines, might be a reasonable way to counter inflat on. Has the minister given some consideration to this suggestion?

Mr. Benson: Mr. Speaker, we have given consideration to a great many suggestions, including suggestions from members on the opposite side of the House with respect, for example, to the creation of the Prices and Incomes Commission which is trying to establish voluntary guidelines, and this in spite of the derision which now comes from the opposite side of the House.

Mr. Stanfield: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. If the Leader of the Opposition wants to ask a further supplementary—

Mr. Stanfield: No, Mr. Speaker, I wish to raise a matter of privilege.

Mr. Speaker: I apologize to the Leader of the Opposition. I did not realize he was rising on a question of privilege.

Mr. Stanfield: I rise on a question of privilege, Mr. Speaker. The Minister of Finance has made a mistake which I should like to correct. The Prices and Incomes Commission was not recommended by the opposition.

Some hon. Members: Oh, oh!

Mr. Stanfield: The Prices and Incomes Commission was not recommended by the Opposition but by a task force of some sort set up by the government. I do not think the Minister of Finance should be allowed to get away with that type of mistake in the House.

Some hon. Members: Hear, hear!

[*Later:*]

Mr. Benson: Mr. Speaker, on a question of privilege, I wish to apologize to the Leader of the Opposition. I had thought he had made a useful suggestion with regard to controlling inflation through the Prices and Incomes Commission. I am now informed he did not make that suggestion.

An hon. Member: We could have told you that.

INDIAN AFFAIRS

REQUEST FOR STATEMENT ON BORDER CROSSING PRIVILEGES

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Will he make a statement of motions setting forth the official view of the government about the applicability of the Jay Treaty generally and in particular about the border crossing privileges of thousands of Indian people? Will he make this statement either this week or during the first week of sitting after the Christmas recess? I ask this question, Your Honour, in view of the fact that Thursday, the day after tomorrow, is the first anniversary of the blockade of the bridge at Cornwall Island, and also in view of the claim of the Indian people—

Mr. Speaker: Order, please. The hon. member has asked a question. I do not think it is regular to pursue the matter in order to explain to the House why he has asked the question. It is a valid question and perhaps the minister might reply.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the problem of crossing the Canada-U.S. border by any Canadian citizen is under the jurisdiction of my colleague the Minister of National Revenue and I would ask him to comment on this.

[*English*]

Mr. Nesbitt: Mr. Speaker, will the minister consult with his colleagues, the Minister of National Revenue and the Minister of Manpower and Immigration, in order that he may give a firm undertaking now that the government will immediately stop the harassment

of Indian people at the border, at least during the period that the applicability of the Jay Treaty is in doubt?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I had on several occasions the opportunity of discussing this problem with the Minister of National Revenue, and this very day I have met Indians who made representations to me on this subject. I think they are to meet with the Minister of National Revenue immediately after the question period, if it can only come to an end.

[*English*]

GRAIN

WHEAT—ANNOUNCEMENT OF GENERAL DELIVERY QUOTA

Mr. A. B. Douglas (Assiniboia): Mr. Speaker, I should like to ask the minister in charge of the Canadian Wheat Board whether the board will be announcing any general delivery quotas before Christmas? I ask this because most farmers are very short of cash and would appreciate an early announcement—

Mr. Speaker: Order, please.

Hon. Otto E. Lang (Minister without Portfolio): As the hon. member knows, Mr. Speaker, the Wheat Board was giving preference to the delivery of unit quotas. However, I was speaking to officials of the Wheat Board today and they indicate they will be announcing tomorrow a one bushel quota for the 255 delivery stations where there is space and where the elevator agents have requested a quota. The Wheat Board will also be announcing tomorrow, and some hon. members will be interested in this, a special quota of eight bushels per seeded acre for soft spring wheat.

ENFORCEMENT OF REGULATIONS RESPECTING MOVEMENT OF FEED

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in view of the statement made on the CBC newscast last evening that Canadian Wheat Board regulations with regard to the movement of feed grain across interprovincial boundaries are being flagrantly violated, what action is the Minister without Portfolio taking to deal with the situation and ensure that these regulations are enforced?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, the minister made it clear in previous statements in the prairie region that this matter is considered to be very serious indeed and that the Wheat Board and other agencies would be asked to take every step to enforce the existing quota regulations, even while we are looking at these regulations with possible improvements in mind. It is extremely important that the existing rules be obeyed because an infringement really amounts to a theft by those who break the rules from those who do not. Therefore we are appealing to the farmers of the prairie region to obey these regulations even, as I say, while changes are being considered.

FISHERIES

DAMAGE BY FOREIGN FLEETS—PROVISION OF WATER BOUNDARIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in view of the fact that the Minister of Fisheries and Forestry recently stated in Kamloops, British Columbia, that Japanese and Russian fishing fleets are causing great damage to the fishing industry, when does he intend to bring the matter of water boundaries to the attention of the United Nations?

Hon. Jack Davis (Minister of Fisheries and Forestry): At the next Law of the Sea Conference, Mr. Speaker.

INDUSTRY

GOLD MINING—INVESTIGATION OF OPERATIONS OF ASSISTANCE ACT

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask the Minister of Energy, Mines and Resources how soon he expects a report on the investigation currently being made into the operations of the Emergency Gold Mining Assistance Act and its effects on the gold mining communities?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, there is a continuing study being made. I have no indication as to when it will be completed, but as soon as it is and there is a government position in this regard it will be duly announced in the House.

PUBLIC SERVICE

EFFECT OF CUTBACKS ON WAR AMPUTEES

Mr. H. Russell MacEwan (Central Nova): Mr. Speaker, I have a question for the Minister of Veterans Affairs related to the question asked by the hon. member for Calgary North. What action is the minister taking to ensure

that the rights of Canadian veterans within the Public Service of Canada are being upheld?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): Mr. Speaker, there are very many veterans, some disabled, working in my department. Very few will be affected, and those who will be have only now received surplus notices. Every effort is being made to reassign them to other positions.

Mr. MacEwan: Mr. Speaker, I am aking the minister what he is doing about all the veterans in all departments of the Public Service.

Mr. Dubé: Mr. Speaker, I have no authority, of course, to deal with other departments, but—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Dubé: —under the law veterans have preference with respect to obtaining positions.

POLLUTION

AIR—ACTION FOLLOWING STATEMENT BY NRC COMMITTEE

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, in view of the grave results of increasing air pollution, as voiced by a special committee of the National Research Council, will the Minister of Energy, Mines and Resources indicate what action is being taken to protect the Canadian people?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, there is continuing review and consideration in my department regarding questions of air pollution. At the present time, there is no comparable legislation to the Canada water bill in respect of air. I can assure my hon. friend that this is the subject of critical review by the government and various departments including my own, the Department of National Health and Welfare and others engaged in a studies of environmental questions. If, in conjunction with the provinces, we can reach an accord as to the best manner of tackling this problem, then we will indeed tackle it through federal legislation, if applicable.

[*Later:*]

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I should like to ask the right hon. Prime Minister a question arising out of the answer just given to the House by the Minister of Energy, Mines and Resources regarding air pollution. Does the statement by the minister mean that the proposed national clean air bill to be introduced by the Minister of National Health and Welfare has been abandoned?

SHIPPING

SINKING OF FISHING VESSEL—REQUEST FOR STATEMENT

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I should like to direct my question to "the" cabinet minister from the Atlantic provinces, the Minister of Transport. Since he is interested in marine disasters, namely, the loss of a ship off the coast of Africa, is he in a position to report to the House on the results of the investigation by his department regarding the sinking of a vessel off the coast of Cape Breton as a result of which five lives were lost?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, as yet only an interim report has been received from the investigating team. I feel it would be desirable to wait until the full report is in, at which time I would be more than pleased to make it available to the House.

INDIAN AFFAIRS

REQUEST FOR RESEARCH FUNDS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, when will the Minister of Indian Affairs and Northern Development be making an announcement in respect of the request of the National Indian Brotherhood, made at a meeting with the minister on November 7 last, for a special fund to be used to assist Indians in carrying out research with a view to solving their own problems?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I had an opportunity to meet with Mr. Andrew Delisle, president of the committee established by the Indians to inquire into their rights and their treaties, and I have discussed certain proposals with him. He intends to start work early next year, and I have assured him that we shall provide the committee with part of the money needed to complete its work.

[*English*]

TRANSPORT

DEFENCE OF CTC RAILWAY COSTING FORMULA

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Transport. I directed this question to the minister a few days ago and he took it as notice. My question concerned the defence by the government of the Canadian Transport Commission's railway costing formula before the Supreme Court of Canada. Can the minister now advise the House what action the government is prepared to take to defend the Canadian Transport Commission's costing formula before the court?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, if my colleague the Minister of Justice were here he would be able to answer the question more specifically, but I understand that the necessary steps have been taken and that the Canadian government will be represented in a way which I feel will be acceptable to the hon. member and to the House.

SPORTS

PAN-AMERICAN GAMES—INQUIRY AS TO FINANCIAL ASSISTANCE TO WINNIPEG

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Is the minister now in a position to answer my questions and my letters regarding the request of the city of Winnipeg for assistance in connection with the deficit in respect of the Pan-American Games, in the same way as assistance was given to the city of Montreal in connection with the Expo deficit?

Hon. E. J. Benson (Minister of Finance): I have the letter in my office and will try to deliver it to my hon. friend this afternoon or tomorrow.

PUBLIC ACCOUNTS

REQUEST FOR ORGANIZATION MEETING OF STANDING COMMITTEE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Government House Leader. Will he take whatever steps are necessary either to convene or have convened the organization meeting of the Public Accounts Committee not later than Thursday of this week?

Company of Young Canadians Act

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, my understanding is that instructions in that regard have been given. I am not sure what the situation is at the moment but I will inquire and report back to the House.

PUBLIC SERVICE

DELAY IN ISSUING RETROACTIVE PAY CHEQUES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Supply and Services. Would the minister make a statement on motions informing the House whether it is the hope of his department that the pay cheques for all public servants for the retroactive pay awarded up to six or nine months ago, and not yet paid, will be sent out before Christmas at least?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, I have explained to the House on several occasions that the department is catching up very quickly. There has been a tremendous backlog of work. I should also point out that the Central Pay Office is right at the end of the pipeline—

Mr. Speaker: Order, please. The minister should not make a statement now. He was asked whether a statement would be made on motions.

Mr. Lambert (Edmonton West): May I rephrase my question, Mr. Speaker. Would the minister, the next time he is to appear in the House, make a statement explaining the situation because members are receiving scores and scores of letters—

Mr. Speaker: Order, please.

• (3:20 p.m.)

GOVERNMENT ORDERS

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

The House resumed, from Monday, December 15, consideration of the motion of Mr. Pelletier that Bill C-171, to amend the Company of Young Canadians Act be read the second time and referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts, and the amendment thereto of Mr. Orlikow (p. 1990).

Company of Young Canadians Act

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, first of all I should like to make a correction to *Hansard*. I think Your Honour would agree with me that such a correction is badly needed. Last night some of Your Honour's constituents came to the House of Commons and at one point in my address as recorded at page 2003 of *Hansard* I am recorded as saying:

> Mr. Speaker, before dealing with the Company of Young Canadians I should like to join Your Honour and other Canadians in the warm welcome to the company of old Cornwallian Canadians.

Now, sir, I do not think I used the adjective "old" in referring to those charming and delightful ladies who passed across my vision in the seats directly above me. I am reinforced further in that opinion, sir, by the fact that you, even as an independent member and our Speaker, would have immediately forgotten your impartiality and would have seized the occasion to raise your own question of privilege to say I was mistaken because it simply was not true. I must admit that if I made that statement it was not true. I hope I did not make it and I hope *Hansard* will be corrected so that the awful word "old" will be expunged from the reference to a group of charming, delightful and very young Cornwallian Canadians.

Now, I should like to turn to the subject of the Company of Young Canadians which is becoming one of the old issues in the House of Commons. First, I wish to restate the position advanced privately by the hon. member for Annapolis Valley (Mr. Nowlan) and publicly by the hon. member for Hamilton West (Mr. Alexander) and myself last night. We think the measure which is before the House, is not appropriate as a long term measure but, as a short-term measure is appropriate. That is, we believe somebody should be in a position to protect the money already voted by this Parliament but not spent as yet by the Company of Young Canadians, if only for the one purpose of choking off those long distance phone calls to Hollywood which seem to be the stock-in-trade of one or two members of the Company of Young Canadians in the city of Toronto. In other words, we have suggested that an amendment to the proposed legislation to set a limit of March 31, 1970, the end of the fiscal year, on the operations of the proposed comptroller is a reasonable one and something that we, as a responsible opposition, can accept. In this way we would be protecting, say, up to $600,000 from being improvidently spent.

[Mr. Speaker.]

Yesterday the government House leader indicated that such an amendment was acceptable and gave the House his assurance that this would be moved by him when the legislation is dealt with in the committee of the whole. I must say I was surprised that the Canadian Broadcasting Corporation, with all the money it spends on news reporting and services from Parliament, would so completely garble that proposition on its television news last night and on its radio news this morning. If the reporter responsible was wilful in trying to misinterpret the position of members of the opposition he should be fired, and if he was not wilful and did it as a matter of ignorance he should be sent back to the lowest form of work in the CBC until he learns to conduct himself responsibly and to understand what is going on in this chamber. I was furious at such an obvious misinterpretation of such a responsible position.

Then, too, my hon. friend from York South, the deputy House leader of the New Democratic Party, when our proposition was restated by myself very shortly before ten o'clock, stated that he was not inclined to accept it because his party had moved an amendment earlier in the evening. I do not find the two positions incompatible. I do not see why we could not make our decision on the amendment of the New Democratic party and then, that being out of the way, go on to what seems to be the main point.

The point is whether we should forsake the Broadcasting Committee as the instrument to deal with this bill and go to the Committee of the Whole where amendments can be moved. Eventually, when the last clause is reached, the House leader can carry out the proposal which he advanced yesterday. I think that this is really the course that we have to pursue if, as we all agree, the affairs of the CYC are in complete financial chaos at present and we, as the people accountable to the Canadian people, have to deal with that situation. We have to deal with it before whatever is left of the $600,000 or so goes frittering down various drains before we can lay some kind of restraint upon the operations of the company.

So it seems to me that we are forced to make our own decision on the NDP amendment as quickly as possible, then get into Committee of the Whole where we can make our amendments and our speeches so that, before we rise for Christmas, something will be done about a body that is a thorn in the side of most right thinking Canadians. I do

not think we can leave here before the end of the year without having taken some action.

I could state again the Conservative position. We think the company has such a bad name that it should be scrapped and a study made of some type of responsible organization, following which we should start again from scratch. Our friends on the other side differ in that respect. The Secretary of State (Mr. Pelletier) has said: "No, we will make some alterations in the structure and bring them before parliament at an early opportunity". But may I simply remind him that the name of the company is anathema from coast to coast to most right thinking young Canadians. In this respect, I am appealing for the majority of this country's youth, those perhaps who do not write or contact their members of Parliament and say: "We would not touch this thing with a 10 foot pole". The fact is that they would touch a different organization with a 10 foot pole, but all the tinkering we do with this organization will never make it acceptable to the young people.

When Parliament established the CYC we hoped to attract some young, altruistic volunteers who wished to be of service to their fellow Canadians. I should like to remind the House of the experience of one of the large car manufacturers who had what turned out to be a deadly lemon on his hands, a car that could kill people. That car company, one of the largest in the world, could have spent vast amounts on engineering redevelopment of this particularly deadly lemon, put forth all sorts of advertising and changed what had been a killer into what would be a good family car. Instead of this they took the other course. They scrapped the project and started out with a new car with a different name, but one which filled that particular part of their merchandising line. I say that this is an exact parallel with the CYC which makes sense.

In our committee hearings we heard enough evidence to justify our conclusions that there were personality conflicts within the CYC; that the structure was bad and the finances in such chaos, and that, above all thanks to its structure, it was very easy for some smart left-wing activist to march in through the door and somehow seize control of the company. That is precisely what happened. This fact indicates that people who have an animus towards our society also have the ability to seize the first vehicle that comes down the pike which would give them the opportunity. It turned out to be something on which the taxpayers of Canada have spent some thought and a great deal of money. Nobody in their right conscience can permit a situation like that to continue. There is no justification for making even drastic changes in the company. I think we have to make a fresh start.

In my opinion, the committee did not hear the testimony of enough volunteers to give us an idea of the motivation which led them into the service of the company. There are all sorts of volunteers, some of them pretty sleazy characters and others who no doubt acted with the purest of motives. We also did not hear about an experiment that has gone on for some considerable time in Canadian society, and that is the Frontier College which brought vast benefits to the northern regions at small administrative costs. I think that their experience also would have been helpful to us. We heard from Professor Lotz who made a dozen suggestions about restructuring or setting up a viable structure, including, for example, research into projects so that one would know whether something was going to be workable or whether one was simply sending visionary fools rushing in where angels fear to tread.

We heard plenty from the city of Montreal officials who pointed the finger at the new president of the company who somehow bulldozed his way to the surface in the turmoil that beset the CYC over the week end. We heard about government moneys being spent through the CYC to help put out such interesting publications as ones explaining how to conduct a successful revolution; how to build, not one or two, but three varieties of Molotov cocktails; how to kill police horses; how to start riots, and the like. There is one gentleman associated with this endeavour who wanted to go to Cuba to bone up on revolutionary tactics. In writing to the Cuban authorities he stated that his chief qualification was that he had been in court charged with the illegal possession of dynamite, for which he received a suspended sentence. In addition, he had been a second time in court and acquitted on a charge of conspiracy, arising out of the explosion of some weapon—I presume dynamite—in which several people were killed. Third, he belonged to the CYC. He thought that this was a sufficiently refreshing approach to certain people in Cuba that they would forthwith ask him down there to bone up on revolutionary tactics.

In my opinion, the CYC has not yet played a vital role in any area, and I think the city of Montreal has made a legitimate request for a study of subversive activities in Canada.

Division

Just because it happened that the tail seemed to be wagging the dog on those two particular days does not mean this is not a very serious request. There should at least be some answer directly from the Prime Minister (Mr. Trudeau) as to whether or not a study is merited or whether sufficient information is being amassed behind the scenes to meet Mr. Lucien Saulnier's request. Be that as it may, I suggest that in dealing with the legislation before us now, and in dealing with the imposition of a financial comptroller, the interim measure should be sufficient to protect what money is still left in the till of the CYC. That is why we support the proposal that this measure be effective until March 31, 1970, to keep faith with the taxpayers who have put up this money. In this respect, the Conservatives agree with the government members.

I suggest that no surgery by the government, however skilled, can cure the CYC, judging from last week end's meeting of the CYC when it fell apart in many different directions. There were resignations here and there and power ploys all over the place. One project was continued because it was anti-establishment and not because anybody could prove that it had the least bit of reality or common sense about it. When you see that sort of thing going on you suspect that the rot is so ingrained in the organization there is no hope for it. You cannot just chop out a part here or there and do a transplant. This matter cannot be cured by a heart transplant, a brain transplant or any other kind of transplant. I think it is a matter for mercy killing at the earliest opportunity, and then, after a proper study, a new measure could be presented which the committee, with the experience it has had so far, could take a hard look at and report upon. What we have now, Sir, is simply unsatisfactory.

• (3:30 p.m.)

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

The House divided on the amendment (Mr. Orlikow) which was negatived on the following division:

YEAS

Messrs:

Barnett
Broadbent
Burton
Douglas (Nanaimo-Cowichan-The Islands)
Gilbert
Gleave
Harding
Knowles (Winnipeg North Centre)
Lewis
MacInnis (Mrs.)
Mather
Peters
Rose
Thomson (Battleford-Kindersley)
Winch—15.

NAYS

Messrs:

Aiken
Alexander
Anderson
Badanai
Baldwin
Barrett
Basford
Béchard
Beer
Bell
Benson
Bigg
Blair
Blouin
Borrie
Buchanan
Caccia
Cadieu (Meadow Lake)
Cadieux (Labelle)
Cafik
Cantin
Carter
Chappell
Chrétien
Clermont
Coates
Cobbe
Code
Comeau
Côté (Richelieu)
Crossman
Crouse
Cullen
Cyr
Danforth
Danson
Davis
Deachman
Deakon
Diefenbaker
Dinsdale
Douglas (Assiniboia)
Downey
Dubé
Duquet
Émard
Fairweather
Flemming
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Givens
Godin
Goyer
Gray
Greene
Grills
Groos
Guay (St. Boniface)
Guilbault
Haidasz
Hales
Hellyer
Hogarth
Honey
Hopkins
Howard (Okanagan Boundary)
Howe
Hymmen
Isabelle
Jamieson
Jerome
Kierans
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Laflamme
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Laniel
Laprise
Latulippe
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Lessard (Lac-Saint-Jean)
Lind
Loiselle
Lundrigan
Macdonald (Rosedale)
MacEachen
MacEwan
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacLean
MacRae
McBride
McCleave
McCutcheon
McGrath
McIlraith
McIntosh
McKinley
McNulty
McQuaid
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Mongrain
Moore
Moores
Morison
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Munro
Murphy
Nesbitt
Noël
Nowlan
Olson

[Mr. McCleave.]

Orange	Smith (Northumberland-Miramichi)
Otto	Smith (Saint-Jean)
Ouellet	Southam
Peddle	Stafford
Pelletier	Stanbury
Penner	Stanfield
Pepin	Stewart (Cochrane)
Perrault	Stewart (Marquette)
Pilon	Stewart (Okanagan-Kootenay)
Prud'homme	St. Pierre
Reid	Sullivan
Ricard	Tétrault
Richard	Thomas (Maisonneuve)
Richardson	Tolmie
Ritchie	Trudeau
Rochon	Turner (Ottawa-Carleton)
Rodrigue	Wahn
Rondeau	Walker
Roy (Timmins)	Watson
Roy (Laval)	Whelan
Ryan	Whicher
Rynard	Whiting
Schumacher	Woolliams
Scott	Yanakis—178.
Sharp	
Simpson	
Smerchanski	

• (3:50 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. Macdonald (Rosedale): Mr. Speaker, I rise on a point of order. I think there is agreement in the House that the order for second reading may be amended in such a way that the bill would be referred after second reading to a committee of the whole instead of to a standing committee.

Some hon. Members: Agreed.

Mr. Baldwin: Mr. Speaker, on that point I think there would be agreement. Are we to understand that the government is still of the same opinion it entertained last night with regard to the amendment, to be moved at the appropriate time in committee, dealing with the duration of the operation of the bill?

Mr. Macdonald (Rosedale): Yes, Mr. Speaker. My colleague, the Minister without Portfolio (Mr. Stanbury) will bring in an amendment under clause 2 which will have the effect of providing that the maximum duration for the application of the bill shall be up to March 31, 1970.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we agreed to this last night and of course stand by it. We shall have other amendments to move when we get to committee of the whole.

Mr. Speaker: Is it agreed that the second reading motion be amended by unanimous consent, as suggested by the President of the Privy Council?

Some hon. Members: Agreed.

• (4:00 p.m.)

Mr. Speaker: The question is now on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

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

On clause 1—

Mr. Dinsdale: Mr. Chairman, I deliberately refrained from speaking during the second reading stage so that the matter now before us might be expedited. This leaves me now to make my first observation, that one of the dominant characteristics of the entire record of the Company of Young Canadians is that things have been done in haste. As a result, there has been repentance at leisure.

The Company of Young Canadians has had a checkered career. I feel this is largely because an excellent idea, that of involving young Canadians in direct participation in voluntary activity, was perverted by a lack of proper study in anticipation in setting up the company. I believe this is so because the whole idea was conceived during the heat of an election campaign. As some hon. members have said, it was more an election gimmick than the implementation of a sound, social program and philosophy in dealing with young Canadians.

This sort of approach to social policy by the government has for a number of years now reflected the philosophy that can only be described in terms of the phrase "60 days of glorious decision". This slap-happy attitude toward public policy has laid the foundation for many of the problems besetting Canada today. In passing I would refer to the problem of inflation and the major difficulty caused by the growing feeling of division and alienation in this nation.

The idea was borrowed from the United States of America. It was an attempt to capture some of the mystique of the Kennedy family which seemingly had a strong appeal to youth. In this respect we were actually importing United States culture. Here is further evidence of the schizophrenic tendencies of the government on the one hand to enthusiastically support an idea that was spawned in the United States, and on the other, with respect to cablevision, it takes

violent opposition to this sort of cultural invasion.

This idea, like so many other ideas that are borrowed from a culture that is not identical to ours—there are fundamental differences between Canada and the United States—was doomed to failure right from the beginning. It was said during the debate in this chamber setting up the CYC that Canada has had right from the beginning of settlement an enviable reputation for voluntary activity in handling the problem of social policy. Religious movements such as the Jesuits, the Grenfell Mission in Labrador, the Frontier College, the Salvation Army are typical. CUSO, Canadian University Students Overseas program, predated the programs which were later launched in the United States. I would venture to say the source of inspiration for some of the youth programs that were launched in the United States under the Kennedy administration came from the strong spirit of motivation of such volunteer groups. Because of this there was little room for a government-sponsored agency of the kind that we have come to know the Company of Young Canadians to be.

Over the years in this House ideas have been brought forward for the involvement of youth in participatory democracy. This was particularly true with regard to the events surrounding our centennial celebrations. I, along with many other hon. members of the House of Commons—some of whom are no longer present—enthusiastically embraced the idea of a youth parliament for Canada which would have had its beginning during our centennial celebrations. An inter-party committee studied this subject for some months and there was general agreement that the best means of getting Canadian youth involved in the political affairs of our nation was through the instrumentality of a representative youth parliament. For some reason the Liberal government of that day sank this idea beyond trace, notwithstanding the unanimous support for the idea, and Canada has not yet been successful in organizing a youth parliament. Instead, favoured treatment through funds, effort and governmental support was given to the ill-fated idea of the Company of Young Canadians.

I still keep in touch with young people across the country who are interested in being involved in some form of youth parliament. I know that in the true tradition of voluntary activity on the part of both young and older Canadians, they are still hopeful that they will be able to get a youth parliament organized on a voluntary basis. They have even looked to the government for a contribution to a foundation fund that would provide some financial support to an idea of this kind.

• (4:10 p.m.)

I think we would all agree, in our retrospective wisdom, that a youth parliament would have had a much more beneficial effect, both for Canada and for Canadian youth, than the sad story of confusion, chaos and maladministration that has marked the trail of the CYC. That it was moving into areas that it could never occupy, areas that were already well filled by voluntary groups, is the reason the CYC never sent volunteers beyond Canadian shores. The legislation provided that this was to be one of its functions. The reason it never moved into the field of foreign service is that this area is already more than adequately covered by the voluntary university group, CUSO. It is significant that one of the committee's recommendations was that the CYC's ambitions in this regard be formally withdrawn in any rewriting of the act.

Unfortunately, the same haste and lack of planning that has dogged the footsteps of the CYC and the attempt of the government to get youth involved in public activities has marked this further review, this continuing agonizing reappraisal of the whole concept. Those of us who sat on the committee were under the pressure of a restricted time limit, having to bring in a report by December 5. As a result, the committee was transformed into a sort of robot. We had to meet that deadline regardless how deeply we probed in coming to grips with the multitude of problems confronting the CYC.

As a result of this, the committee's investigation turned out to be a fiasco. We changed the chairman in the course of our deliberations. Mr. Saulnier, whose charges arising from the unhappy events in Montreal on October 7 led to the committee inquiry, was supposed to have been the chief witness. Instead he was the last. He raised more questions than were answered. He made charges that could not be substantiated because of the very nature of the committee's restrictive terms of reference. As a result, the entire effort was abortive and created problems rather than solving them.

There was also selectivity in the calling of witnesses. This was demonstrated by the fact

that one of the young Canadians who was active in the early, formative years of the company, Mr. Duncan Edmonds, a man who was involved in governmental activities in Ottawa at that time, made an emergency trip to Ottawa and at a press conference advocated in the strongest possible terms that the CYC, one of his brain children, be put out of its misery in order that the idea of the involvement of youth in public affairs might survive.

In addition, the committee was supposed to travel. Newspapers published headline stories to the effect that the committee would divide itself into small groups in order to visit some of the CYC projects in the field. Notwithstanding these headlines and the advance publicity given before the committee hearings got under way, there was no opportunity to visit these projects.

Now in order to try to bring a very nasty situation under control, we are now short-circuiting the normal processes of Parliament so as to bring some fiscal control and responsibility to the administration of public funds. This is why the members of my party support this measure. Above all else, the chronic maladministration of public funds must be brought under control. The matters that brought the committee together in the first instance remain unsolved. Indeed, confusion in the committee was compounded for the reasons I have briefly outlined.

The simple truth of the situation is that the company was taken over by an element of young people in Canada who can hardly be regarded as truly representative. This has been demonstrated by the stories that have come from Toronto over the week end, when the council that was brought into being only a few weeks ago found it necessary to dissolve, and this at a meeting that was, to say the least, bizarre, reflecting the Alice in Wonderland atmosphere that has pervaded all the deliberations on the subject of the Company of Young Canadians.

Reference has been made to Mr. Jim Lotz who appeared before the committee—an anthropologist, a community development worker and a sociologist. I suppose that all of these descriptions would apply to the work he is doing in Canada in many areas of social reform. He doubted very much that a group of this kind could work under the auspices of the government. In particular, if I may quote him directly in this regard, he said that "people who want to solve problems by revolution don't know their history".

These are the fundamental issues with which the government must come to grips if the charade that has lasted for about four years is to end. Members of the official opposition on the committee voted for the immediate dissolution of the CYC in order that something more constructive and positive could be created from the ashes. As long as agony and indecision on the part of the government continues in regard to this disastrous experimentation—which is what it has been called—in government involvement in this sort of volunteerism, the idealism of Canadian youth which has been expressed in so many positive ways and excellent voluntary social acts and programs, will be besmirched.

We support the idea of a financial comptroller to bring a sense of responsibility to the expenditure of public funds. We suggest that some of the more "way out" projects that have been revealed in recent days be cancelled forthwith; indeed, some already have. The hydroponics experiment in the city of Toronto should at once be denied access to public funds. As I read the account of this interesting experiment in social action in the city of Toronto, it seems to me that hydroponography would be a much more apt description of an activity that has been supported with public funds.

• (4:20 p.m.)

A number of worthy social programs in this country are withering on the vine because they lack public support. I have already mentioned the youth parliament. If the government is looking for ways in which to spend money on positive programs for social action, I strongly recommend that it come to the assistance of the hard-pressed friendship centres which deal with basic social problems in our urban centres, including those faced by the Indian and Métis population. These centres and voluntary agencies have depended almost entirely upon private support for the continuation of their work. If the government wants to support voluntary participation of a positive kind, this is one approach it might take.

There is within the Privy Council a Committee on Youth which is reviewing all these matters. I trust that committee will come to a decisive conclusion to end the disaster of this experimental activity of social involvement by Canadian youth and that we will as quickly as possible, as was recommended by the

members of this party who were on the committee, end the agony by putting the company out of its misery. Then let us get on with the business of the positive involvement of youth in the affairs of this country.

Mr. Lewis: Mr. Chairman, I rise to say a few words on this bill and also to propose some amendments which I hope the ministers concerned will consider with favour. Let me say first that whatever the reason may have been for setting up the Company of Young Canadians, it was and still is a good idea. It is a good idea to have this organization, but in my opinion only on one condition.

What was the idea behind setting up the company? Was it to create a vehicle by which young people in Canada could genuinely participate as those who have grievances against society, in the decision-making regarding matters which concern our daily lives? Was the idea to create another Boy Scout club or organization that would be a kind of conforming service club in which young people might participate? In our view, if the intention is—as some members of the official opposition have indicated—to have a Company of Young Canadians which will be no more than a kind of well-meaning, do-gooding service club, we do not need public funds to create that sort of conforming organization. We could have this in many other ways. Many of us have contributed and continue to contribute to private organizations seeking to assist the needy people of this country. If the idea was to provide that kind of help to needy people, this is not the way Parliament should do it.

We should help the needy people by pursuing the kind of economic and social policies which will lift them out of their need in whatever direction it may be—full employment, lowering the cost of living, increasing pensions, and so forth. We do not need an organization to give people charity. That need not be sponsored by the public treasury. We have the responsibility and power in Parliament to decide what is needed today for the needy people of Canada as far as lifting them out of their misery is concerned.

I understood the Company of Young Canadians was to be an organization which, to put it very simply, would promote dissent in Canada on a responsible basis. I understood that was needed in this country then and is needed now. This idea deserves public assistance by some kind of organization, particularly of young people, to help those who have been forced to live in slums, those who are rooked as tenants by landlords, and to help native peoples and others who are suffering from discrimination and a particular kind of injustice. This organization could help to organize these people to get up on their hindlegs and scream like mad against the establishment which placed them in that position.

If the Company of Young Canadians will not do that kind of job, as far as I am concerned there is no need to expend a single dollar of public funds on it. If they do the job right, we will have the establishment worried, the establishment meaning not only those in government at the federal, provincial or municipal levels but all those in Parliament and in the legislatures. They will be criticized and will have their shins kicked, and that is good for democracy. There is nothing worse for a democratic system than having everybody conforming with what is the established norm in society. There is nothing easier than for those in power—I am not pointing my finger at this government—to get into a rut and think what they are doing is the only thing that can be done.

From my study of history, it is true of every government in the world, no matter what its colour, that the easiest thing for it to do is get into a rut and see only the good it does and not see under the surface or really sense what the people feel they need day by day. As far as I am concerned, that was the purpose of creating the Company of Young Canadians. The company was to have as one of its main objectives the job of making sure that the government was made aware of the grievances certain people suffered. Its purpose was to make the government aware of their anger, their frustrations, their resentments, their criticisms and their hollering against the authorities who placed them in that position. I suggest this is worth while.

It seems to me that only the most complacent members of a democratic community could be annoyed with people who raise their voices against the conditions in which they find themselves, or annoyed with the people who make it their job to help the disadvantaged in society get together, organize and voice their protests. That is the only purpose of the Company of Young Canadians.

I do not object to some assistance being given to a youth parliament or any other exercise in which young people might take part in order to better understand their citizenship. I hope they understand it better than some adults. Let me interpose here that while I am not a victim of the youth cult, I think it

is necessary for all of us who are middle-aged or over to realize that young people are not looking at a perfect world. We cannot pat ourselves on the back and say we have created the best society in Canada, or in the world, and the youngsters must accept it. There is a great deal wrong with our society and there is a great deal that is disturbing about the world. The young people of Canada and of other countries are complaining about the evils of society and demanding that they be corrected. Surely this is a matter for congratulation rather than condemnation.

I am not talking about those young people or older people—and they are in every age group—who are extremists and go beyond what is considered an appropriate line. The line differs. For some people opposite the line will be in one place, the line for members of the official opposition will be in another place, and the line as far as I am concerned will be pretty far out. If we are to change the fundamental structure of society in order to get rid of its evils that exist, it will not be done by people who sit back complacently and never get angry about the situation.

• (4:30 p.m.)

It is a good thing to be angry about evil, to express indignation about human suffering and to bang the table about it. Those who do that are not to be condemned. That is the purpose of the Company of Young Canadians. If it is to perform that function, there must be independence for the company from the government and from other agencies. I emphasize that I am saying independence for the company. I at not saying there should be independence for every volunteer to do as he likes. I am saying that the company should be set up properly, and that the council and executive director should be given sufficient room in which to perform their work without being controlled by government, bureaucratic organizations or anything of that sort. Therefore, the company itself must be independent.

I have listened to a great deal of criticism of the Company of Young Canadians. I could make a great deal of criticism, because all of us know about the projects which were irresponsible and the action of some volunteers which undoubtedly was irresponsible. But who in heaven's name is responsible for that situation? The minister and others on the government side have said the act as it now stands gives no power. I say, blow that. I do not accept that, because for three years until October of this year there was a provisional council, every member of which was appointed by the government. There were three or four executive directors, each one of whom was appointed by the government.

As a lawyer, let me remind this assembly that every time a volunteer was hired, a contract was signed with him or should have been. When you sign a contract, you have a right in law to put into the contract anything to which the two parties agree. If the provisional council and the executive directors had had any imagination and capacity, they could have avoided all the difficulties that have occurred—because they did not occur over a period of two or three months, but over a period of one or two years.

I say with all kindness to the minister that he was wrong when he said he had no power. He did not have power as a minister, but the council did, and if the right people had been appointed and given guidelines they could have laid down conditions which the volunteers would have had to observe. It is that which is responsible for the mess in which the Company of Young Canadians became involved.

People complain about the kind of persons who became volunteers. Let me say two things about that. Even those of whose acts I disapprove, I admire for having offered their services. The reason you sometimes get certain kinds of people in this type of work instead of others is that too many of our young people just like too many of our older people, have been absorbed by the system of values in our society and are more anxious to go out and make money than to give their services to this kind of organization for very little money.

Those people who gave their services obviously were dedicated to the purposes for which the Company of Young Canadians was founded. From among them it could have been possible for the council and executive directors to choose people who had the least hang-ups instead of those who had the most. It was within their power to look at the applications, make some inquiries about these people and sift them, instead of appointing, as is my impression, almost everyone who came and offered himself or herself for the job.

Of course, there were people who abused their position and took advantage of it. That is not the fault of the people who abused it in the first instance; it is the fault of the government and the type of council and executive directors who appointed these people because they were either unwilling or unable to judge

the persons they appointed as volunteers. I think it is a disservice to condemn those people who offered their time, their lives and whatever competence they had to a worth while cause for almost no pay. I am not prepared, and I hope no member of this House is prepared, to condemn the young people who gave their time and services for almost nothing, in most cases, in order to do a job for their country in accordance with the principles in which they believed and for which they thought the Company of Young Canadians was established.

Mr. Chairman, I do not wish to make a lengthy speech. I have indicated the general outline of my approach to this matter. Flowing from what I have said, however, I cannot accept a bill which sets up a Czar over the Company of Young Canadians. That is not an exaggeration. It sets up a complete dictator over the Company of Young Canadians, and from the wrong angle. I do not approve of a dictator or a Czar from any angle, but this approach is certainly from the wrong angle. He will control the program, the projects and everything else merely by ordering that certain moneys shall or shall not be paid. There is in the bill before us nothing which talks about policies or programs, nothing which tells us what the objectives or the new situation is to be.

We see by clause 1(2) that no payment of any money shall be made by the company and no contract or other arrangement providing for the payment of any money by the company shall be entered into or have any force or effect unless approved by the comptroller. That means that a stamp, a piece of paper or anything else cannot be purchased without the O.K. of the comptroller. Further, it means that the council and the executive directors cannot enter into a contract with any volunteer or anyone else for any project unless the comptroller approves.

I think the Secretary of State (Mr. Pelletier) was frank enough yesterday to say—and if I am wrong he will correct me—either during his speech or in answer to a question during the question period. that this is a sort of trusteeship. He is right, except that it is not a form of trusteeship in any meaningful sense, because the trusteeship proposed by the committee, even though I personally am not happy about it, was one which would deal with programs, projects, objectives and the total ambit of the company.

The trusteeship to be established by this bill is such that one man will be able to say what is and what is not to be done merely by agreeing or disagreeing with the payment of a certain amount of money. I cannot think of a worse way to develop self-confidence on the part of the volunteers, to instil any sense of responsibility in the company or promote any purposeful work by the volunteers. Therefore, I think this proposal is wrong in principle and wrong fundamentally. I think we could easily get what we want without having this kind of dictatorship written into the act.

I want to make clear, as have some of my colleagues who have preceded me in speaking to this bill on second reading, that we share everyone's concern and are just as anxious as anyone about the financial accountability of the company, about the fact that money has been wasted and that money has obviously been misused. We believe there ought to be financial accountability. I think, however, that can be achieved without making this man a total dictator over the company.

Therefore I move, Mr. Chairman:

That clause 1 be amended by:

1) inserting after the word "shall" in line 11 the following words, "have supervision over the expenditures of the company and shall".

• (4:40 p.m.)

I shall come back to that in a moment and make clear what it means. The second part of the amendment reads as follows:

2) deleting subclause (2) and substituting the following therefor: "The comptroller shall be a co-signatory on every cheque issued by the company and no cheque issued by or in the name of the company shall be valid without his signature".

I am not guaranteeing that this is the best language, although it is simple enough. I am suggesting that we can achieve complete financial accountability in this way, and that we will avoid giving one man complete dictatorship over the company. The first subclause as amended by me would read:

(1) Forthwith upon the coming into force of this section the Governor in Council shall appoint a comptroller of the company who shall have supervision over the expenditures of the company and shall hold office during pleasure and shall be paid by the company such salary as is fixed by the Governor in Council.

This would establish that the role of the comptroller is to supervise the expenditures of the company, not its program or its policies. The second part of my amendment is to delete subclause 2 and substitute something therefor, so that instead of saying that this man has control over every penny that may be paid out, and over every contract, he shall

be a co-signatory on every cheque issued by the company, and no cheque issued by or in the name of the company shall be valid without his signature. My understanding, from the minutes of the committee hearings and from what my colleagues who are members of the standing committee told me, is that there are now four possible signatories for the company and that any two of the four can sign cheques.

It is quite normal for any organization to set down that one of two signatories shall be such-and-such an officer. The secretary-treasurer of a company, a corporation, a union or any organization may be one of the signatories on cheques or any documents signed on behalf of the organization, and one, two or three others may be co-signatories. This is normal procedure. This amendment, in effect, states that the comptroller shall be one of the signatories on every cheque issued by the company. He will therefore be able, as cheques are required to pay wages or salaries, to buy anything or to rent an office, to see what the cheque is for and refuse to sign it if in his judgment it should not be done; and he may then bring it back to council. If he refuses to sign it, the cheque is not good. In that way the money would be controlled.

I urge my amendment upon the Secretary of State, the Minister without Portfolio and the other ministers who are present. I do not insist on the particular wording I have used, but I urge them to favourably consider my approach. If my amendment were adopted, the comptroller would have supervision over the expenditures and in an indirect way he could affect some of the projects or programs by saying, "In my view this cheque should not be signed by me." He may then go back to the council or to the executive director and argue with them about it.

My amendment does mean that the council members and the executive director would remain in their positions. The people who form the program, who make the agreements with the volunteers and who make the decisions in the first place would remain, and only when money had to be paid out by cheque would the comptroller come into the picture. It would also mean that once a cheque was issued to pay the expenses for a project, the project people would not have to come to Ottawa for every pop bottle they wanted to buy or every penny they wanted to spend.

The Chairman: Order, please. I am sorry to interrupt the hon. member but his time has expired. Is there unanimous agreement to allow the hon. member to complete his remarks?

Some hon. Members: Agreed.

An hon. Member: No.

The Chairman: There is no unanimous agreement.

Mr. Stanbury: Mr. Chairman, may I ask the hon. member a question?

The Chairman: Unfortunately, the hon. member's time has expired and there is no unanimous agreement to allow him to continue.

Mr. Baldwin: Mr. Chairman, there might be unanimous consent to allow the hon. member to give an expanded reply to the question.

The Chairman: Is this agreed?

Some hon. Members: Agreed.

Mr. Stanbury: I think the hon. member's suggestions should be considered and I think he should have an opportunity to make them clear. Let us take, for instance, the example of Wards Island to which reference was made earlier today and last night. If the comptroller decided that he should not pay the salaries of those volunteers, and the council then instructed him that they should be paid, what would be the position of the comptroller and what, in the opinion of the hon. member, would be his responsibility?

Mr. Lewis: There are two things I might say in answer. This is not entirely fair, but I think my point will be clearer if I answer it in this way. First, the situation would be the same as it is under subclause 2 of the bill. That is to say, no payment of any money shall be made by the company and no contract or other arrangement providing for the payment of any money by the company shall be entered into unless approved by the comptroller, regardless of whether the council decides otherwise. The same applies to the amendment I propose, except that the comptroller does not come in at every stage of the contract or payment, as is here the case.

Wide discretion is given to the council and to the executive director, but when a situation such as the Wards Island case arises, I hope the comptroller will be the kind of person who will have the courage to say that it is a waste of money and a misuse of it, that he will not sign the cheque and that he wants

the council to sit again and reconsider its decision. There must be a confrontation, because if the council happens to be irresponsible, which seems to be the case at present, they will not listen to the comptroller.

Mr. Otto: And then what happens?

Mr. Lewis: What happens under the present bill? Under the present bill the council says, "We want the Wards Island project to continue". The comptroller then says, "You cannot make any payments".

Mr. Otto: And the contract cannot be entered into; the comptroller decides that.

Mr. Lewis: I was given a specific example and I am dealing with it. In this case the contract is already made. I said in answer to the minister that in my amendment the situation is no different, no better and no worse than it is in the present bill. The comptroller would be in exactly the same position. The council would say, "The Wards Island project is to continue" and the comptroller would say, "I will not sign the cheque". Those are exceptional situations, and such confrontations will have to take place—they will clear up the situation. I hope that very soon the Secretary of State will bring forth legislation which will change the structure of the company. But even then he will have to have some kind of accountability, and the accountability which I suggest, in my humble view, unless I am very much mistaken, is a great deal better than what is suggested in the bill, from the point of view of the principle of the company.

• (4:50 p.m.)

Even without this extension of time, Mr. Chairman, I was going to take 30 seconds to draw the committee's attention to the fact that we have no intention of interfering with subclause 3, which also contains a very considerable power whereby the comptroller may demand and obtain all documents, books, accounts, etc. That, together with his authority to refuse to sign cheques if he thinks the money is going to be abused, gives him all the power that is needed for financial accountability without direct interference with the program, although he will have indirect power to interfere with the program. I just do not know how to devise a comptroller who does not have an indirect control over the program.

The president of the Treasury Board is not a dictator. As everybody knows, he is a good-natured, genial, generous man, but there is no doubt that he affects the programs of every department of government by saying, "This is the limit of the expenditures you will be allowed to make." There is no way you can have power over finances without having indirect control of a program.

Mr. Baldwin: Mr. Chairman, would the hon. member permit a brief, simple question for my edification? Is it his intention, by this amendment, to provide that the comptroller would not have the power to interfere with or prevent the programs of the Company of Young Canadians continuing to the extent that was determined by the council and the executive director?

Mr. Lewis: No. You have two different approaches. Mr. Chairman, I really feel badly about taking up all this time of the committee. I suppose that since we are in committee I can speak more than once, although I do feel uneasy about it. As I say, you have two different approaches. First, there is the approach in the bill. Every time the council wants to make a contract with a volunteer or with anybody else in relation to a project, and every time the council and the executive director decide on a project, they have to go to the comptroller and say, "We have this project. We want to enter into this contract. Would you please approve it?" That is what the bill now means, so that at every step the comptroller must O.K. in advance every decision made by the council and the executive director; otherwise, the decision is completely frustrated.

The approach I suggest is that the council and the executive director have the initial and continuing responsibility of deciding on the projects, of entering into contracts, of choosing the volunteers—I hope much more responsibly than in the past. Once that is done and the contract is signed, then and only then, I imagine, can the comptroller, when the time comes for signing the cheque and in his view it is for something that is against the public interest or is a misuse of funds—somebody is using the money to finance somebody's living, as was suggested in the case we dealt with—use his power and refuse to sign the cheque. It is a reversal of the process. Instead of making the comptroller responsible and more important than the council and the executive director, it is the other way about.

This procedure is comparable with that of a board of directors of a corporation which decides on a certain policy. I have read cases on this in the law books, although I have

never practised commercial law, where a signing officer has refused to sign a document which the board of directors has decided to sign, and then there has been a confrontation. It may happen in all businesses, but the person who has the signing power—

Mr. Baldwin: Like the Minister of Finance.

Mr. Lewis: That is right—does not have in a corporation the kind of power that is given in subclause 2 of this bill. My suggestion is not at all brilliant; it is taken from the practice in many corporations, associations and organizations, where you have the financial control without the czarist power proposed in this bill.

The Chairman: I might point out to the committee that in the interests of procedure the debate at this point should be strictly relevant to the amendment. If there is to be discussion on the amendment, I would certainly be prepared to hear it, but if not I will put the question.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I should like to say that the amendment, as it now reads, might perhaps be indeed a quite normal and efficient legislation or internal rule for a quite normal, efficient and above all normally disciplined society, in short, for an already existing company that would abide by the rules followed by companies. I do not know these rules any better than my hon. friend from York South (Mr. Lewis), but I agree with his definition of them.

But here we have something quite different. I think that by cancelling subsection (2), as proposed by the hon. member for York South, we risk putting the Company in a still more serious situation than the present one, because one can foresee—I do hope it does not happen but one must nevertheless think about it—that before the new measures intended to transform completely the structure of the Company are applied, the present council will not view with any particular liking the actions taken by the financial comptroller, who is to be appointed under this act. For example, the following absurd situation could occur, where the council and the Company would sign a contract with a third party and where the comptroller would be compelled to refuse his signature, even though the contract in question would be considered legal. This could lead to legal action either against the Company itself and the council, or against the comptroller himself.

I believe in fact that the powers of the comptroller and his authority to prevent in the future, and for a very brief period, the Company from venturing into further absurd undertakings will have the following effect: before assuming its share of the responsibilities and providing the money required for any project, the council will know that it must obtain the signature of the comptroller.

I therefore submit, Mr. Speaker, that this amendment would render the comptroller's function practically ineffective or, at any rate, would reduce it to a dangerous extent.

[*English*]

The Chairman: Order. I am sorry to interrupt the minister. It is five o'clock and private members' hour is upon us.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Winnipeg North Centre (Mr. Knowles)—Pensions; the hon. member for Fundy-Royal (Mr. Fairweather)—Immigration; the hon. member for Calgary North (Mr. Woolliams)—Taxation.

• (5:00 p.m.)

Mr. Deputy Speaker: It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills.

PRIVATE MEMBERS' PUBLIC BILLS

FOOD AND DRUGS ACT

AMENDMENT RESPECTING LISTING OF INGREDIENTS ON PRODUCTS

Mr. Max Saltsman (Waterloo) moved that Bill C-17, to amend the Food and Drugs Act (listing of ingredients), be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Knowles (Winnipeg North Centre): Carried.

Mr. Deputy Speaker: Is it the pleasure of the House that the said motion be adopted?

Division

Some hon. Members: Carried.

Mr. Deputy Speaker: Carried.

Mr. Haidasz: Mr. Speaker, I said no.

Some hon. Members: No, no.

Motion agreed to, bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

BRITISH NORTH AMERICA ACT

AMENDMENT TO ABOLISH SENATE

Mr. Stanley Knowles (Winnipeg North Centre) moved that Bill C-18, to amend the British North America Act 1867 (abolition of the Senate) be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Maybe I should do the same thing, Mr. Speaker. Carried.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

The House divided on the motion (Mr. Knowles, Winnipeg North Centre) which was negatived on the following division:

• (5:10 p.m.)

YEAS

Messrs:

Barnett
Brewin
Broadbent
Burton
Deakon
Douglas (Nanaimo-Cowichan-The Islands)
Gilbert
Gleave
Godin
Harding
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Latulippe
Lewis
MacInnis (Mrs.)
Mather
Nystrom
Peters
Rodrigue
Rondeau
Rose
Saltsman
St. Pierre
Tétrault
Thomson (Battleford-Kindersley)
Winch—27.

[Mr. Deputy Speaker.]

NAYS

Messrs:

Aiken
Alexander
Anderson
Badanai
Baldwin
Barrett
Basford
Béchard
Beer
Bell
Benson
Bigg
Blair
Blouin
Borrie
Buchanan
Cadieu (Meadow Lake)
Cadieux (Labelle)
Cantin
Chappell
Chrétien
Clermont
Cobbe
Code
Comeau
Comtois
Côté (Richelieu)
Côté (Longueuil)
Crossman
Crouse
Cullen
Cyr
Danforth
Davis
Deachman
De Bané
Diefenbaker
Dinsdale
Douglas (Assiniboia)
Downey
Drury
Dubé
Duquet
Émard
Flemming
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gray
Greene
Grills
Groos
Guay (St. Boniface)
Guilbault
Haidasz
Hales
Hees
Hellyer
Honey
Hopkins
Howard (Okanagan Boundary)
Howe
Hymmen
Isabelle
Jerome
Kierans
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Laflamme
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lessard (Lac-Saint-Jean)
Lind
Loiselle
Lundrigan
Macdonald (Rosedale)
MacEachen
MacEwan
MacGuigan
MacInnis (Cape Breton-East Richmond)
Mackasey
MacLean
Macquarrie
McBride
McCleave
McGrath
McIlraith
McIntosh
McKinley
McNulty
McQuaid
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Mongrain
Moore
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Munro
Murphy
Noël
Nowlan
Olson
Orange
Osler
Ouellet
Paproski
Peddle
Pelletier
Penner
Pepin
Perrault
Pilon
Prud'homme
Reid
Ricard
Richardson
Ritchie
Rochon
Roy (Timmins)
Roy (Laval)
Schumacher
Scott
Sharp
Simpson
Smerchanski

Smith (Northumberland-Miramichi)	Thomas (Maisonneuve)
Smith (Saint-Jean)	Tolmie
Southam	Trudeau
Stafford	Turner (Ottawa-Carleton)
Stanbury	Walker
Stanfield	Watson
Stewart (Marquette)	Whicher
Stewart (Okanagan-Kootenay)	Whiting
Sullivan	Woolliams
	Yanakis—154.

• (5:20 p.m.)

During the taking of the vote:

Mr. Woolliams: I rise on a question of privilege, Mr. Speaker. I was in attendance at the meeting of the Standing Committee on Justice and Legal Affairs. As I understand it, we are voting on a bill to abolish the Senate. Surely the Chair must consider whether such a vote can be put to this assembly. The bill is an amendment to the British North America Act, which sets up the terms and conditions of the Senate. That affects all hon. members.

Mr. Speaker: Order, please. I suggest to the hon. member that according to the rules the matter cannot be discussed at this time. The question has to be put to the House. We are in the process of having the matter decided by the House, after which the hon. member can, if he so wishes, raise the matter for further consideration.

• (5:30 p.m.)

After the taking of the vote:

Mr. Speaker: I declare the motion lost.

Mr. Lambert (Edmonton West): Mr. Speaker, I voted against the bill, notwithstanding my feeling that the bill should never have been accepted in the House since it purports to amend a statute which it is not within our competence to amend.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. It seems to me it is against the rules of the House to debate a matter that has been decided, and when it is not possible for others to reply. I submit that this bill constitutes an amendment to the British North America Act, that it was accepted by the Chair, and—

Mr. Speaker: Order. I accept the hon. member's point of view and suggest that we should not debate the matter at this point.

Mr. McCutcheon: Mr. Speaker, I did not vote because I was paired with the Hon. Paul Martin.

Some hon. Members: Oh, oh.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order to suggest that, instead of our going through the whole list of public bills and calling them out one by one, I would be prepared to proceed with Order No. 47.

Mr. Bell: Let us stick to the rules, Mr. Speaker.

CRIMINAL CODE

AMENDMENT TO MAKE POLLUTION OF INTERPROVINCIAL WATERS AND THE SEA A CRIMINAL OFFENCE

Mr. David Anderson (Esquimalt-Saanich) moved that Bill C-26, to amend the Criminal Code (pollution), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, for a moment I intended to remain in my seat in the hope that this bill might receive the same generous treatment as the bill of the hon. member for Waterloo (Mr. Saltsman), but since I understand other hon. members wish to express views on my bill I think I had better rise to introduce it. The purpose of the bill is to amend the Criminal Code. It is most unfortunate that the Minister of Energy, Mines and Resources (Mr. Greene) has just left the House, because in recent speeches outside this place he has made it clear that he approves of the intent of this bill. For example he spoke in Toronto recently of pollution and of the possible need to make the pollution of our waters a criminal offence.

The purpose of the bill I am presenting to the House today is to do precisely that. If I may have the indulgence of hon. members for a moment or two, I should like to refer to the actual wording of the bill so hon. members can judge its importance for themselves. The bill seeks to amend the Criminal Code and to make owners, lessees or persons operating any industrial plant, oil refinery, chemical works, sawmill or other plant or works, or any other persons, who discharge or throw or allow to be discharged or thrown any noxious waste product, raw sewage, oil, sawdust, chemical or other matter or thing into a river, stream or other water any part of which is interprovincial, or which flows into any interprovincial waters, or into the sea which has the effect—and I stress these words—of endangering the lives, safety, health and comfort of the public, guilty of an offence.

The object of the bill is to make it perfectly clear to anyone who embarks upon a commercial or industrial undertaking that would

result in pollution in any way, shape or form of an interprovincial stream or of any other interprovincial waterway, that he would be entirely responsible for the consequences of any consequent pollution.

At present we have a medley of laws and regulations. We have regulations made pursuant to the Fisheries Act, regulations under the Department of National Health and Welfare, under the Department of Transport, and particularly under the Department of Energy, Mines and Resources. Although all of these regulations relate to one aspect or another of water pollution, very few relate to the whole subject of pollution, and none make pollution per se an offence if it endangers the health and comfort of the public. This is what this bill seeks to do.

• (5:40 p.m.)

I do not want to belabour it indefinitely because I think other hon. members of the House may have a few words to say on this, while I hope other hon. members will not say anything, in order that we might refer the bill to a committee before the six o'clock deadline. All I should like to say is that the intent of this bill, from what we have read in the newspapers, meets with the approval of the Minister of Energy, Mines and Resources. No harm surely, can come from sending this bill to a committee. This is precisely what we should do this afternoon.

In view of the fact there are 18 minutes left for other people to express their views, I will resume my seat after once more urging hon. members of this House that just as we have been successful this afternoon in sending the excellent bill of the member for Waterloo, to the committee on health and welfare, so should we send this one to a committee this afternoon.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, it is obvious from the applause with which this bill was greeted by hon. members on all sides of the House that the Canada Water Bill which we are presently considering and which is still before the House, is not deemed to be an adequate answer to the problems of pollution control in this country. We should support this Bill because it does one of the things I have already mentioned in connection with the Canada Water Bill. It assumes some authority on behalf of the federal Parliament on a national scale, and therefore purports to make it an offence to pollute waters anywhere in Canada. It also provides a very severe penalty for doing so.

I am not sure I would agree in every respect with this Bill, because it is very short. It is a bill by itself and not part of any other proposal or water act. Perhaps it should be extended to make it a more effective anti-pollution measure. However, I do think that referring it to a committee for considera ion together with the Canada Water Bill when it arrives there, would be a very wor.hy objective. I do not intend to talk this bill out. I merely want to say that I support its principle. I do not say this unkindly, but it does bear out some of the cri icisms that have been made of the Canada Water Bill as it now stands. The main one is that the federal government, under the Canada Water Act—

Mr. Barnett: Would the hon. member permit a question?

Mr. Aiken: Yes, certainly.

Mr. Barnett: As I listened to the hon. member I understood him to say he was in favour of the bill as proposed. I noticed when the hon. member rose and was recognized, the hon. member for Ottawa West (Mr. Francis) was also on his feet. I am wondering whether the hon. member for Parry Sound-Muskoka (Mr. Aiken), if we can reach an understanding with the hon. member for Ottawa West, would agree with me to dispense with our remarks if that hon. member suggests to the House that we vote on the Bill after he has concluded his remarks.

Mr. Francis: In order to make the situation clear, Mr. Speaker, let me indicate that I wish to make a number of remarks to the House.

Mr. Aiken: I think that was hardly a legitimate question; nevertheless, I accept the spirit in which it was offered. If the indirect suggestion was that I should sit down and shut up, let me say I am going to do that in just a moment.

Mr. Peters: It was only suggested if the Liberals agreed to a vote, but apparently they will not.

Mr. Aiken: Nevertheless, I was about to conclude my remarks. I think this bill would strengthen the water bill as it has been presented. The two reasons I was in the process of giving were, first, that this measure would make pollution a national offence and, second, it would assume some of the federal powers which do exist; they would be put into the

legislation and made much stronger. I hope this Bill comes to a vote. If it does not, I hope this type of amendment will be moved when the water bill is before the standing committee.

Mr. Bruce Howard (Okanagan Boundary): Mr. Speaker, I wish to make a few remarks on this bill. I, too, hope it will come to a vote this afternoon. I am constantly shocked by the news from various parts of Canada concerning the problem that is dealt with in this bill. I think action in this regard is long overdue. I refer to the fact that many communities in Canada dump raw sewage into our waterways without any treatment whatsoever. The nearest one is just across the river, the city of Hull. It offends the national capital area in that it is dumping raw sewage into the Ottawa River. It is a tragedy that cities like Hull and other communities in Canada are allowed to get away with this kind of thing. That is not the only such community; the city of Banff, in one of Canada's national parks, is still dumping raw sewage into the river. It is about time the Parliament of Canada exercised its power and made this an offence, as is suggested in the bill before us.

It is suggested that section 165A of the Criminal Code be amended to provide a fine of $25,000 for the first offence and $50,000 for the second offence in respect of communities, institutions or businesses that offend the provisions of the section. I believe we should be doing this kind of thing in Canada and putting the heat on communities such as the one across the river which are so backward and unwilling to bring themselves into line wi h modern Canadian thinking. I therefore endorse this bill and hope it will pass the House today.

Mr. Randolph Harding (Kootenay West): I intend to be only a few minutes, Mr. Speaker, because I fully endorse this bill and should like to see it put to a vote and referred to the committee. Let me point out to hon. members that we now have all kinds of pollution measures on the statute books of Canada. The reason we have pollution from one end of Canada to the other is that the regulations and the legislation which we have passed, which are on our statute books and have been for years, have never been enforced by government departments or governments in power.

An hon. Member: What legislation?

Mr. Harding: There is all kinds of legislation including the National Harbours Act, the National Health Act, the Migratory Birds Convention Act and the boundary waters act. If you check the regulations you will find there is enough legislation now to clear pollution in Canada, if it was enforced. These laws are not being enforced.

As the hon. member who spoke about the Canada Water Bill pointed out, it appears to be insufficient in many of its provisions. I for one would very much like to see this bill given second reading and referred to the committee, so that members could see for themselves the need for amending legislation which would really put teeth into measures designed to cure our pollution ills in Canada. I hope that whoever follows me will allow ample time for the bill to be passed and referred to committee this afternoon.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, there is no doubt in my mind that every member in the House at this time is as concerned as the hon. member who moved this bill with the very serious problems of the pollution of our waters.

• (5:50 p.m.)

This bill is a very commendable effort to deal with the problem but not, it seems to me, in a way which would really be significant enough in respect of mounting an over-all attack on the problem. It deals with the problem by means of an amendment to the Criminal Code and purports to provide a fine or possibly another type of penalty upon conviction. The first question which I ask is simply: How can we possibly fine or convict the chief offenders in respect of our waterways, the municipalities which discharge their sewage without treatment into almost every navigable waterway of this nation? It is true the federal government has undertaken an attack through the agency of the Central Mortgage and Housing Corporation by means of a program which makes it possible for municipalities to borrow funds to instal sewage treatment plants on reasonably favourable terms, with forgiveness of a portion of the loan.

An hon. Member: They have run out of money.

Mr. Francis: The hon. member says, "They have run out of money". I am sure the hon. member has done some estimating concerning the amount of money needed to provide primary, secondary and tertiary treatment in the various plants across this country. I am sure he is satisfied that the amount of money is

not hundreds of millions of dollars, but billions of dollars. There is no way to avoid this kind of investment. The simple provision of a criminal penalty of this nature will not provide sewage treatment plants of the type that will have to be provided. The attack on and control of pollution in this nation will have to be an over-all, co-ordinated attack providing not only the stick but the carrot, providing not only the incentive but the capital and technical means and know-how by which this can be done.

The government is preparing major legislation which will come before this House. I submit to hon. members that the procedure by which we must deal with this problem should be on a much broader front than the one envisaged in this bill. In the Ottawa area we have perhaps some of the most glaring examples of pollution. It is not necessary to go very far to see these. Hon. members can walk behind the Parliament Buildings and see the paper mill on the other side of the river which discharges chemical foam 365 days of the year. This is an indication of the pollutants that go into the river, chemical as well as mechanical.

Not long ago when they drilled for the footings for the Macdonald-Cartier bridge they went through 30 feet of sawdust at the bottom of the river before they hit bedrock. The sawdust came from the days of the sawmill operations on the Ottawa River. The sawmills which operated for generations left their heritage, which is lying on the bottom of the river today. I remember a former director of Central Mortgage and Housing Corporation, who had been the deputy minister of fisheries before he assumed that post, giving a speech in this city in which he described the days in which 30 salmon inspectors were engaged between the city of Montreal and the falls near the Chateau Laurier on the Ottawa River. The freshwater salmon were driven out of the river and became extinct in that waterway because of pollution.

The Rideau River in the Ottawa area is another source of major pollution, again right under the noses of those of us who live for a good part of the year in the national capital. I suggest the problem of the pollution of the Rideau River will not be solved by passage of this bill, because the pollution of that river is a problem of long-term control of land use and planning, including facilities to stop pollutants coming from individual homes which are badly located, with faulty septic tanks because of the type of development which did not carry with it any orderly plan in respect of land use.

Mr. Howard (Okanagan Boundary): Mr. Speaker, if the hon. member would permit a question I should like to ask why he thinks the progressive communities which have installed primary, secondary or tertiary treatment plants for sewage should be penalized because of the backward communities in Canada which have not enough civic pride to spend their money on this kind of sewage treatment plant for the benefit of the whole country.

Mr. Francis: Mr. Speaker, I have complete sympathy with the hon. member's motive in asking the question. There is no reason in the world that we should penalize people for taking this step. What is the use in trying to improve the problem in the manner put forward by this bill when there is a constitutional problem involved? A law that is not enforceable is not one which can achieve its purpose. Is the intention to impose fines on the municipalities along the Rideau River, every one of them being a source of pollution? All I am suggesting is that these communities, by a combination of funds being provided for these installations together with the incentive to do so, should somehow be persuaded rather than bullied, coerced, or whatever it may be called, to take part in an orderly procedure to eliminate the pollution to which they are contributing.

I suggest to hon. members that the passage of legislation such as that contained in this bill, without such accompanying measures, would fall short of achieving the purpose in mind. I know there are many hon. members who would like to speak on this subject and in deference to others I am prepared to yield the floor at this point.

Mr. R. J. Orange (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I would suggest this motion be amended so that it might be referred to the committee which will be dealing with the Canada Water Bill. I am sure the committee will look into the aspect of penalties so far as the water bill is concerned. Therefore, I wonder if there could be unanimous consent to having this bill transferred to the Committee on National Resources and Public Works.

Some hon. Members: Agreed.

Mr. Orange: I move, Mr. Speaker, seconded by the hon. member for Missisquoi, (Mr. Forest:

That the motion be amended by striking out the words "and reference to the Standing Committee on Justice and Legal Affairs" and substituting therefor "reference to the Standing Committee on National Resources and Public Works".

The Acting Speaker (Mr. Béchard): Shall the amendment carry?

Some hon. Members: Carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on National Resources and Public Works.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

The House resumed consideration in committee of Bill C-171, to amend the Company of Young Canadians Act—Mr. Pelletier—Mr. Béchard in the chair.

The Deputy Chairman: When the committee rose at 5 p.m. it was considering clause 1 of the bill and the amendment thereto of the hon. member for York South.

On clause 1—

[*Translation*]

Mr. Pelletier: Mr. Chairman, I only wish to conclude briefly the remarks I was making before recess.

The only argument against the amendment of the hon. member for York South (Mr. Lewis) I still have to put forward is that, under the proposed amendment, the comptroller that this bill intends to appoint would only have a purely negative role. Indeed, the second part of the amendment reads as follows:

The comptroller shall be co-signatory on every cheque issued by the Company and no cheque issued by or in the name of the Company shall be valid without his signature.

This is designed to give the comptroller a purely negative authority. I am afraid it is inadequate, in view of the particular circumstances that I have already pointed out.

In my opinion, section 10A(2), on the contrary, assigns to the comptroller a positive role, if I may say so, and I quote:

No payment of any money shall be made by the Company and no contract or other arrangement providing for the payment of any money by the Company shall be entered into or have any force unless approved by the comptroller.

This provision assigns a positive role to the comptroller and I think that we would not want him to be a man whose only power would be, as the saying goes: "to shut the stable door after the horse is stolen." On the contrary, we want that comptroller to have real control.

In a previous speech, someone said that I had used the term "financial trusteeship". I uphold those words. I believe that it is indeed a financial trusteeship which is proposed in that bill as an emergency measure. And in my opinion, so that trusteeship is truly effective, the comptroller appointed must possess preventive powers, otherwise the council of the Company might present him with accomplished facts, commitments and previously signed and legally questionable contracts which could lead to legal proceedings.

Thank Heaven, this difficulty has not been encountered yet by the Company and I believe Parliament would not wish to be responsible for causing it to experience that type of trouble which could result in legal action.

Therefore, Mr. Chairman, I find the amendment unacceptable and, besides, I fail to see what is wrong with the proposal as drafted.

[*English*]

Mr. Lewis: Mr. Chairman, I would like to reply to the minister. I listened to his excellent French very carefully and I want to say three things to him. If the condition of the Company of Young Canadians, of its council and of its executive director is now so bad that they cannot even be trusted with the kind of financial control which my amendment proposes, then I join the ranks of those who say that the company should be ditched completely. I would have preferred if the minister had introduced a simple projet de loi, a simple bill saying that the act establishing the company is defunct, erased from our statute books.

• (8:10 p.m.)

I am serious, Mr. Chairman. If the situation of the Company of Young Canadians has

reached the point where even the stringent comptrollership which my amendment suggests is not enough, and we cannot trust the council and the executive director at all—even under these circumstances—I think the hon. member for Annapolis Valley and my colleague, the hon. member for Fraser Valley West, are perfectly right, and you should ditch the thing. You cannot preserve the life of an organization when you pass the kind of law which discourages every potential volunteer, who will say, "What the devil will I do in this kind of organization where I have a czar sitting over me, looking over every act of the company? That is not what I want to join." The new arrangement which the minister proposes will not remove that basic discontent and that basic doubt in the minds of young people who might be interested in entering this field.

If that is the situation, Mr. Chairman, then I think the minister who is a friend of long standing is—and I use this word with hesitation but deliberately—too cowardly to say, "This company is no good any more and I am going to wash it out." I say to the minister that that in effect is what he is doing. He is saying that the whole idea of the company as initiated, as originally thought out, is not workable. The minister says he is going to have a trusteeship because the company is not any good, and it cannot be allowed to work even under the most stringent financial controls. Then wash the thing out. Why try to fool Parliament and the young people of Canada that he is hanging on to it when in fact he is throttling it?

When the minister decided that a trusteeship had to be imposed, why did he not accept the committee's report? Why did he have the committee established in the first place, if he intended to impose his trusteeship? A Standing Committee of Parliament recommended the imposition of a trusteeship of three people. Why could the minister not have made a simple amendment imposing a trusteeship that a committee of this House proposed? Why not follow the committee's recommendation for a trusteeship not limited to the czarist nature of this bill, a trusteeship that has some responsibility for programming in a direct way and that could really make the Company of Young Canadians work?

I now come to a legal rather than a political argument. Of course, for any legal argument there are as many opinions as there are lawyers. I say to the minister that my amendment does not endanger the company from the point of view of lawsuits one bit more than his bill does. His bill says:

> No payment of any money shall be made by the company and no contract or other arrangement providing for the payment of any money by the company shall be entered into—

That is in the future.

> —or have any force or effect unless approved by the comptroller.

I say that is as true for the contracts now in force as it is for any that may be made in the future, and if this bill came into force tomorrow the comptroller could say, "The contract with the volunteers in Toronto on the Wards Island project is now terminated," and he would be in just as much legal difficulty as if the proposition I make were adopted. We will have precisely the same legal situation if the comptroller cancels any of the contracts now in force with somebody else, under signature by the company. The minister should know that. If he does not, I draw it to his attention. There is no difference. The only difference is that his bill makes the comptroller czar over everything, programming included, whereas my amendment provides for accountability of the expenditures of the company and does not entirely wipe out the spirit, principles and objectives of the Company of Young Canadians.

I plead with the minister to accept my amendment. He can have his law offices change the wording. As I said this afternoon, I am not a particularly skilful legal drafter, and he can have the wording changed by his legal officers. My amendment would achieve everything necessary to protect the funds of the company, to make sure they are not abused, and yet it will not say to the potential volunteers in Canada, "This company is entirely under the control of one man who has complete control over programs, over projects, over everything in the company." That will not go across; it is not retaining any of the spirit of the Company of Young Canadians. My amendment retains the principle that the company can have its own programs and set its own course, subject to the authority of the comptroller to refuse to make the money available if in his view this endangers the integrity of the company or abuses the funds which Parliament has voted to it.

This is all I can say, Mr. Chairman. If the minister will not be moved, if he wants this czarist power in the bill, I suggest he will do himself harm. He will merely justify the suspicion in the minds of many of us to your left

that the government is really seeking a way to kill the Company of Young Canadians while at the same time wanting the credit that goes with appearing not to kill it. The government cannot do it; nobody is going to be fooled by it. This bill kills the spirit of the Company of Young Canadians, and nothing else. I think I have given the minister some suggestions which would avoid doing that.

[*Translation*]

Mr. Pelletier: Mr. Chairman, I feel that the hon. member for York South (Mr. Lewis) is taking too seriously the case I made against his amendment, and I should like to point out two things very calmly.

First of all, according to every information available, the volunteers of the Company who are aware of this bill approve it. It gives them a feeling of security to know that from now on, they will be able to work within an organization which will not be constantly subjected to charges of malversation levelled against the Company, but which might reflect at any time on any volunteer, no matter how honest and upright he may be himself.

My second remark will be in the form of a question to the hon. member for York South. I would ask him to describe to us the process by which some large American labour unions, for which he has often pleaded with great eloquence, are put under financial trusteeship. I would ask him also to describe to us the process under which some American unions can place some local units under financial trusteeship within 24 hours through a mere decision of the executive.

Does that mean that those labour organizations want to destroy their locals? When a provincial government decides to establish financial trusteeship over a town which has been badly run, does it intend to destroy the town?

To speak of cowardice, of a covert intention to destroy the Company of Young Canadians is, in my opinion, accusing the government of presumed sins. In my view of the attitude of some members of the House and of the great ballyhoo in some newspapers, it would have been only too easy for the government, on the basis of all these opinions, to proclaim the end of the Company of Young Canadians' activities, whereas what we are actually doing is to reassert our faith in the concept. To do this, however, we must convince the Canadian people that we have taken appropriate steps to protect the assets that is rightfully theirs.

There are differences of opinions between the hon. member for York South (Mr. Lewis) and myself on the eventual consequences of the bill we have introduced. I respect his opinion, but I fail to understand why he should attribute hidden intentions to us when the whole thing was dealt with openly in a parliamentary committee. Moreover, the hon. member has served organisations, that I know as well as he does, where the process of financial trusteeship is very strict and speedy, although it does in no way purport to suppress the unions involved.

• (8:20 p.m.)

[*English*]

Mr. Rynard: Mr. Chairman, I have just listened with interest to the running debate between the Secretary of State and the hon. member for York South. I can assure you that I do not intend to be drawn into the legal aspects of this argument. I would suggest, however, to the hon. member for York South that from a medical standpoint he was probably using some incorrect expressions because as I understand it, in Wards Island there was not any physical contact.

Some hon. Members: Hear, hear.

Mr. Rynard: I have listened to some of the speeches regarding the Company of Young Canadians and it seems to me that a great many of us in this House have come to the very sad conclusion that the only thing to do is bury it as soon as possible. Of course, I realize it is necessary to carry out some sort of wake in order to have an interim period in which to wind up the business, including the Volvos and the $600,000, and perhaps Ward Island and a few other things. Really, that is about all that is left of nearly $8 million taken from the pockets of the taxpayers. About all that has been accomplished is the sowing of the seeds of destruction, immorality and sedition.

There were a few good volunteers. I know the disappointment that they must feel deep in their hearts. To these young people I express my sympathy and regret, as I know the members of this House do. They carried into this field their bright ideals and honest intentions to create out of the weaknesses and social poverty of this country a new Canada. But they went into this work without any structure or ground rules to make what they could of their very high ideals.

I well remember sitting here the day Mr. Pearson brought in this brainchild of his. It

was to be the counterpart of the Peace Corps. There were visions and hopes that stirred the imagination, and many members spoke in warm and glowing terms of this Company of Young Canadians and the things it might accomplish. But alas and alack, the government failed and Parliament failed entirely to lay down any ground rules and direction. Now they and they alone must take responsibility for this failure.

To show how badly Parliament dealt with this matter I should like to refer to page 6548 of *Hansard*. I asked the then minister of justice what the ground rules were, and Mr. Favreau's reply was:

> Mr. Chairman, I do not believe the matter of relative provincial federal jurisdiction is involved here. The Company of Young Canadians will be a group of volunteers whose purposes are as follows. The Company of Young Canadians should be the instrument of the government of Canada to support, encourage and develop programs and activities in the field of social service in Canada and abroad. This company would be based on the provision of volunteers. This program will serve to co-ordinate the activities of those who in the social field will implement the purposes of the Company of Young Canadians.

We read the words of Mr. Vidal, one of the directors of the company who states, according to reports, that there were not any ground rules, none were laid out. Just imagine bringing in a group of young people without any qualifications! At least we have qualifications for this place—we have to get elected. It is no use blaming the company. What would happen with any group, young people or not—and we have some very fine young people in this country—who were allowed to operate without any ground rules, any program or any direction? Just imagine, no qualifications to be a volunteer! Any and all could come, no matter what their background or character—no qualification for education, no experience, and above all, no program set out for them to work under. There were not even any priorities. Mr. Pearson has gone, Mr. Favreau has passed to his reward. Man is mortal, both in politics and life.

The five directors appointed by the government and the ten directors appointed by the company had no specific training, and as far as I can learn there were no rules even for the volunteers. What an injustice was done to the Company of Young Canadians the day the bill was passed! But what could one expect? Some very fine young people were attracted, but many with cruel disappointment and disillusionment had to leave for other fields. Others, not so desirable, were attracted and as time went by even Marxists were on the payroll. What a way to run the country!

Mr. Chairman, I have here a newspaper article written in 1967 which states:

> The Company of Young Canadians, an unkempt collection of youthful layabouts, held a five-day meeting in Orillia last fall. The 69 members who turned up for some or all of the sessions spent $4,738 on transportation alone; $226 on telephone calls and $3,930 on food and accommodation. All this produced not so much as a single report.

One would have thought that the government at that time would have taken action to see that ground rules were laid down by the directors appointed by the government. However, there was not a single report. I believe the Parliamentary Secretary to the Prime Minister advised the House that none could be expected, although he believed that a member of the staff had kept some record of the session. In that area the Company of Young Canadians could have done good work. There is a development at Cahiague, which is near the town of Orillia. An old Indian village has been redeveloped there and every summer, students under the direction of a professor, do lots of work in the area. Nothing constructive resulted from the Company's reckless spending of $8,000 of the taxpayers' money on a meeting. Mr. Chairman, what a disgraceful blot the government left on the young people of this country by creating the CYC. Does this not remind you of the lady who abandoned her baby on the doorstep? The blame and responsibility in this matter must be accepted by Parliament, and particularly by the government because it created this organization. The government must also accept the moral responsibility for spending the people's money long after it was warned that there were difficulties connected with the CYC. We must keep in mind that the Company was under the direction of the Prime Minister's office, and that the appointed executive director was well paid to carry out his duties.

• (8:30 p.m.)

Let us look at some of the warnings that were given. The Montreal *Gazette*, in an article published in September, 1967, warned that the CYC had become infiltrated with radicals and Marxists who were attempting to take over the CYC. What did the government do after it became known that the organization had been poisoned in this way? It was warned about the field worker in British Columbia named Lyn Curtis who wrote an article in a communist newspaper and thereby launched a direct attack against the "rotting middle

class". This matter was brought to the government's attention and the Prime Minister of the day, Prime Minister Pearson, admitted at that time that he never thought all those mistakes would be made. I ask, Mr. Chairman, what else can you expect when you form a company of young people without any ground rules, priorities, qualifications or necessary ingredients for the setting up of a company of this sort if it is to do the work it should do?

The government was warned by the Leader of the Opposition, who asked for a full probe into the Company's work. The hon. member for Guelph also brought the matter to the attention of the House, as I did, by referring to the article I alluded to that had been written in 1957. But the matter was glossed over and nothing was done to correct the problem until Mr. Saulnier made his appeal, saying that the Company was linked with groups supported and financed by foreign powers not sharing our views. All this is pretty sad and the government is responsible for this blot on the collective escutcheon of our young people. After all, the government permitted this to happen. It set up this Company without laying down any framework, priorities or aims.

I do not believe that there can be a resurrection of the CYC. The resurrection can only occur within the consciences of members of the Company, because the damaging picture is there for all to see. I do not believe that those who had bad reputations in the CYC should be allowed to tarnish the efforts of any new members because newcomers should not work under the handicap of previous mistakes in trying to renovate the present Company. In my opinion, Mr. Chairman, it would be completely wrong of us to saddle any new group of youngsters with an albatross of previous corruption and wrongdoing with which they were not connected.

Perhaps the kindest thing I can say is this: the company was created from an ideal, and the dream ended as a sad delusion. In the light of the Wards Island disaster and the fiasco over the week end, we should consider the timing of the wake. Infectious moral problems must be treated radically and obliterated as soon as possible. Parliament ought to correct the mistake it made when it passed the bill setting up this company without specifying what regulations or qualifications should govern it or the people enlisted to serve with the company.

[*Translation*]

Mr. Mongrain: Mr. Chairman, we are now studying Bill C-171 designed to appoint a financial comptroller to the Company of Young Canadians, together with an amendment moved by the hon. member for York South (Mr. Lewis) who would rather have us appoint somebody with the sole power of countersigning cheques than give dictatorial powers, to use his own words, to a comptroller over the Company of Young Canadians.

I must admit that the hon. member for York South did not come up in his plea with very strong arguments. I have much esteem for him as a lawyer as he pleads his cases very skilfully and very subtly. I suspect him to have some sort of afterthought, in the most acceptable sense of the term. Even though his arguments do not seem to have much weight, he has in mind a conclusion he does not dare pass on to the House.

In any event, as a layman, I do not see much difference between the appointment of a financial comptroller and the appointment of someone who can sign cheques, because finally if he wants to do this signing properly he will have to look into all the activities of the Company of Young Canadians. He will all the same be able to use his right of veto. It seems to me we are being driven from the frying pan into the fire and that someone is trying to get us to use the old expression: much of a muchness.

Most hon. members have probably felt at one time or another a certain heartbreak as they were to speak in the House. Within themselves, as I do this evening, they are probably saying: I am convinced it is urgent to vote in favour of this bill so that a comptroller be appointed to watch over the Company's finances, because the situation is so very complicated. In practice, I do not think that could happen, but, in theory at least, some 900,000 could be squandered, more or less, in a matter of hours.

The government is being wise in asking the House to act quickly. Personally, I know that the matter is urgent and that I would be failing in my duty as a member if I did not express, in this debate, the view of my constituents, that is of the municipal boards, the welfare associations, the social services and the town-planning services. As a matter of fact, they have been supplying me with documents for over a year.

Company of Young Canadians Act

• (8:40 p.m.)

I have about one tenth of it on hand, and I am sure that when I return home for the weekend, if I have not stated my position on that question, I shall be accused of cowardice.

This is more especially true as the Opposition has put me in an extremely difficult position because they attacked the bill in a partisan way, while I am about to express views which, at least at first sight, might not be exactly in line with what the government proposes tonight.

Mr. Chairman, I think that hon. members must approach arduous problems with courage and consider them objectively and honestly.

I would have liked it just the same if the hon. members opposite who all voted for that bill with the best intentions, which moreover were summarized this morning in the Toronto *Globe and Mail* by Mr. George Bain—

The Deputy Chairman: Order, please. I am sorry to interrupt the hon. member but I hope that the contents of the article he wants to quote relates to the amendment before the House. The debate seems now to become general while we are discussing the amendment proposed by the hon. member for York South (Mr. Lewis) to limit the role of the comptroller who would be appointed under the bill.

I would ask the hon. member and the members of the committee to restrict their comments to the amendment under study.

Mr. Mongrain: Mr. Chairman, I have great respect for your rulings. Perhaps it is appropriate to say that I did not explain myself clearly enough as to how to approach this problem.

The member for York South claims that an amendment is necessary so that the comptroller can only countersign cheques, while the minister maintains that a comptroller must be appointed.

In order to show that the conclusion of the member for York South leads nowhere, I say that he is straying from the subject-matter of the debate. Otherwise, the only thing to be said is that either the member or the minister is right.

The member for York South is wrong in asking simply for the appointment of a cheque co-signatory because this would not serve the purpose of the legislation.

First, I want to prove that the matter of the Company of Young Canadians is a serious one. In fact, some outside elements are responsible for contaminating, disintegrating, disorganizing, in short, rotting this organization. Parliament must have some control over it. It would not be enough to adopt the amendment of the member for York South.

I call upon your indulgence in order to prove my point. Otherwise, I would simply rise and say: The hon. member for York South is wrong and the minister is right. But I believe that neither of them is right.

The Deputy Chairman: Order. I fully understand the feelings of the hon. member but presently, the members of the committee are well aware that we are discussing a particular amendment.

I think it is necessary that the hon. member should limit his remarks to this amendment so that, when the committee has dealt with the amendment, hon. members might discuss in general terms the bill now before the committee.

Mr. Asselin: Mr. Chairman, I rise on a point of order.

The Deputy Chairman: The hon. member for Charlevoix on a point of order.

Mr. Asselin: Mr. Chairman, I comply with your ruling, but as the previous speaker said, how can an amendment be discussed without referring to the heart of the problem?

To refer to the essence of the matter does not mean to refuse to discuss the amendment, for that constitutes an entity. The Chair will understand that if the hon. member for Trois-Rivières wishes to refer to the essence of the matter, that relates to the amendment.

Mr. Chairman, I would like you to give us your instructions as to how the matter must be debated.

The Deputy Chairman: I thought I had been clear enough in asking the hon. member for Trois-Rivières to be relevant. According to the rules, when an amendment, a section of a bill or simply a bill are being discussed in committee, we must remain exclusively within the ambit of the subject. We have now before us an amendment to section 1 of the bill, which provides, as I said earlier, for limiting the role of the comptroller. The committee members will agree that we must restrict ourselves to this amendment.

Mr. Mongrain: Mr. Chairman, I want to do what you do not allow me to do. With all due respect, I must just the same prove that the member for York South is wrong.

I should be allowed to state my position, or I shall simply say that he is wrong and resume my seat. If you wish, I shall sit down and speak later.

I am quite willing to resume my seat without a word if you ask me, Mr. Chairman. However, I shall speak again later on in the debate.

I want to prove that the member for York South is wrong and I have to rest my argument on something. The member for York South will not refuse to admit that I am right. He spoke all afternoon, infringing the Standing Orders, if what you say is true, Mr. Chairman. Several other members were also out of order.

I have sat through the whole debate, and I am not aware that they were called to order, except once, when the Chair said: I should like to advise everybody to keep as much as possible to the subject under consideration.

Therefore, we will keep within the subject matter which is the appointment of a comptroller of the Company of Young Canadians. According to the amendment moved by the hon. member for York South, the role of the comptroller would be reduced to that of co-signing every cheque issued by the Company.

I am ready to resume my seat if you will not allow me to make my case, as everyone has done this afternoon, except that I may appeal from your ruling, or else ask for leave to speak again later to continue my speech.

I shall submit to your ruling, Mr. Speaker, before going any further.

Mr. Lewis: Let the hon. member continue his speech.

Mr. Asselin: Mr. Chairman, could we not ask for the unanimous consent of the House to allow the hon. member to continue?

The Deputy Chairman: Order, please. I do not want to get into an argument with the members of the committee. The Chair has not forbidden the hon. member for Trois-Rivières to proceed with his speech, but it is asking the hon. member, as all members of the committee, to discuss only the amendment before us. In commenting on this amendment it is obviously possible to make up a point, but not to argue indefinitely in a general way on the bill creating the Company of Young Canadians.

Mr. Mongrain: Mr. Chairman, I will do everything possible to co-operate with you. I thank you for being so generous and lenient.

If we decide to appoint a comptroller, he will be appointed to a serious organization which has deteriorated lately. This is why we want to remedy the situation. As regards the policy which led to the creation of the Company, I will quote an article from the Toronto *Globe and Mail* which reads as follows:

[*English*]

"The Company of Young Canadians will, I believe, continue a good Canadian tradition reaching back to the Jesuit missions of New France right on down to the Grenfell medical outposts of Labrador and the bush-camp classrooms of Frontier Colleges. Its members will also serve in due course ... in villages and towns over the seas ..."

• (8:50 p.m.)

[*Translation*]

Mr. Chairman, as I was saying, in my opinion, some hon. members had been a little too partisan in dealing with the subject, since they blamed the government for establishing that organization, and then leaving to itself without any guidelines. I should like to remind the hon. members of the opposition that the establishment of the Company was approved unanimously and that nobody then raised any question as to its activities. Therefore, the whole parliament must assume the responsibility for it. I think that in order to solve this problem once and for all, we should consider it objectively, realistically and honestly, by asking ourselves what we want exactly. Is it simply a matter of winning the next election or correcting a situation which leaves a lot to be desired?

According to the minister, we should appoint a comptroller. The hon. member for York South tells us: No, let us simply appoint a co-signatory.

However, neither solution is satisfactory because in this mess, the Company of Young Canadians betrayed the confidence parliament had placed in those people who claimed to devote themselves to social animation. There have been many charges. There is no smoke without fire, and in view of the seriousness of certain accusations of malversion and mismanagement in every part of the country, especially in my riding, the solution offered by the hon. member for York South, which is simply the appointment of a co-signatory, is not satisfactory. To me, it does not come up to the expectations of the majority of hon.

members and the majority of Canadian citizens, who are worried about what is happening in that cauldron which is called the Company of Young Canadians.

We could solve this problem not by appointing a co-signer but simply by freezing the funds and stopping the activities of the Company of Young Canadians, by launching a judicial inquiry into their activities, so as to know what happened. Thus, whenever we establish an organization to perform the task the CYC was entrusted with, we shall know what is to be done in order to make a success of it.

So I come back to the expression I used a while ago and which I am not in the habit of using because I express my opinions in a rather definite way. I urge the government, on behalf of the majority of the people whom I meet and whom I know, to put an end to all that. Let us not appoint someone to countersign cheques, as the hon. member for York South said. That hon. member had a better reaction towards the end of the discussion with the minister, when he said: "Let us put an end to it, if it is to be like that".

Let us put an end to it, Mr. Chairman. Let us know where we stand because the Canadian people are worried about such a waste of public funds, for subversive or other purposes.

I believe the amendment moved by the hon. member for York South is sterile and superfluous.

There is the only possible remedy: we should indeed grant the demands made by such reliable men as Mr. Drapeau and Mr. Saulnier. They have given ample proof of their ability. They are not out of place when they come here. They have proved to be great Canadians and they are assuming considerable responsibilities. As for me, I am going to vote in favour of the bill introduced by the minister, without even knowing what he is going to suggest later on, because, in my opinion, this is a final step.

The people would be more reassured and feel happier if we voted against the amendment of the hon. member for York South and if the government simply decided to freeze the money, to suspend the activities of the CYC and to conduct a legal inquiry in order to find out what happened. Such a course of action would result in the setting-up of another organization, established on the basis of acquired experience. We would thus give to those who are unable to find an audience in Canada, a voice which, this time, would be sincere, honest, objective, constructive and beneficial instead of letting them go astray on the path of revolution.

Some hon. Members: Hear, hear.

[*English*]

Mr. Nesbitt: Mr. Chairman, I should like to make a few observations on the first clause of the bill.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I rise on a point of order. I think my hon. friend will appreciate that I raise the point of order in a friendly way. I am not assuming that he is about to violate any rules, but if it is the case that most members who want to speak wish to speak generally, rather than specifically to the amendment moved by the hon. member for York South, I wonder whether we could take a vote on the amendment and then let the debate proceed.

Mr. Nesbitt: Mr. Chairman, with respect, my hon. friend from Winnipeg North Centre is perhaps anticipating my remarks. I assure Your Honour that what I have to say is quite relevant to the amendment moved by the hon. member for York South; my comments are directed to whether we should accept the amendment and, indeed, the bill. In order to discuss these matters I may have to take five or six minutes of the committee's time, and I do not think this would be unreasonable.

There is an old expression that the road to Hades is paved with good intentions. High-minded people of the very best principles and intentions are often quite incapable of realizing that others are not always motivated by the same good intentions. When the company was originally formed I was a member of this House, as were many other members here this evening, and I think we all agreed with the general aims and objectives of the organization. Although a lot of us had misgivings about how it would work out, the company was the responsibility of the then government and Prime Minister, who appropriated the Company unto himself and his staff. But we all agreed it should be given a fair chance.

The legislation we passed removed this organization from the control of Parliament, and an attempt was made at the same time not to hamstring any of the creative ideas that our young people might have. I think this was the first mistake. The hon. member for Simcoe North has pointed out that repeatedly the members of this House gave warnings of trouble that was brewing, but nothing

was done. Even though the government of the day failed to heed our warnings, I should have thought that the example set by another organization over which parliament again has no control, namely the CBC, would have been sufficient to make the government aware of what was happening.

It has been found that organizations that are created by Parliament but are beyond the control of Parliament become infiltrated with people who wish to use public funds to promote their own political, social and economic philosophies to the exclusion of all others. This has been the case with the Company of Young Canadians; and there is plenty of evidence that the same thing has been happening, but for an even longer period, within the CBC. I submit the government should have heeded the warnings which have been sounded for a long time.

However, nothing was done about the situation until recently when we were given what were almost incredible reports about what had been taking place within the CYC. The full details are common knowledge and have been placed before the House by many members. I will not repeat them, other than to say if anyone had read about these things in a book or a comic strip or had seen them in a Mack Sennett cartoon, they would simply have laughed and said it could not possibly happen. Yet it has happened, and happened in this Parliament, and for this the government is responsible.

• (9:00 p.m.)

The Company of Young Canadians can be likened to Voltaire's description of the holy Roman empire—neither holy, Roman nor an empire. The only company I can compare the CYC with is Atlantic Acceptance. The CYC certainly is not made up of very young Canadians. It seems to be made up of rather middle-aged Canadians who are experienced, like the Russian students who come to this country. As for being Canadians, I should like to ask the Secretary of State how many of these people on the executive body of this organization are Canadians. It appears that not very many of them are. Apparently, there is one from Buffalo, one from Los Angeles and one or two recent immigrants from Europe. It appears that this is not a company, not made up of young people and not very Canadian. The Secretary of State probably does not have this information at his fingertips but before we complete the committee stage perhaps he could obtain this information.

The question we must ask ourselves now is what is to be done? There is an amendment before us moved by the hon. member for York South. I do not think anyone in this House is averse to having young people do what they can to help out in respect of the undesirable social conditions we have in this country. We have a lot of social problems here. The way we treat our Indian and Eskimo people has become a laughing stock in other countries. This is particularly true when the Canadian representative to the United Nations sanctimoniously lectures other countries on their treatment of minorities. I remember on one occasion when our representative was doing this, Canada and Sweden got a lecture. The South African ambassador nudged me then and said: "The goody-goodies are getting it now." There are plenty of things in our country that need looking into.

All of us were young at one time. We now hear a great deal about the generation gap. I do not think it is that great. Most of us were pretty idealistic. Perhaps we have lost a little of our idealism and become blasé, if you wish. That is unfortunate because young people, though they lack a certain practicality, have ideas and want to do things. There should be no mistake about that. The impression has been created in this House that the only young people interested in taking part in this kind of organization are extremists, anarchists and the like. The impression has been created that these are the progressive people and represent the youth in Canada. That is nothing but a lot of boloney and only wishful thinking on the part of those who foster this impression.

I have attempted to bridge this generation gap by making contact with these young people. It is true there is a small group who have an interest in promoting Leninist and Marxist doctrines. I know some of my friends to the left are anxious to see these doctrines advanced but a great many of the young people in Canada do not go for this old hat approach. They know that these old-fashioned ideas are not applicable to our society. It is a gross mistake to think that the young people want to push forward these old-fashioned Marxist and Leninist doctrines. This is simply not true.

There has been an objection to having a supervisor. The hon. member for York South has objected to supervision over this body.

The hon. member for Fraser Valley West said last evening that we should account for all the moneys spent by the company but we should not interfere with its programs. I thought that was a rather odd observation. I presume the hon. member was speaking on behalf of his party when he made that remark. Presumably the hon. member would agree with the amendment moved by the hon. member for York South. Apparently all that is wanted by that group to my left is an accounting of all the money spent but they do not care how it was spent. I find that rather unacceptable.

There has been some criticism of the government's proposal that there should be some supervision. I see nothing wrong with this, because if any groups ever needed supervision quite clearly that group did. I am afraid I will have to disagree, not only with the amendment, but also with the proposition of the government. It must be pretty obvious to everybody that a rose by any other name would smell as sweet. It will be very difficult to make this organization smell any sweeter no matter what you call it. The name of this organization is clearly "mud". We better get rid of it here and now.

I do not wish to create the impression that we are not anxious to see an organization of young people doing the work that this one was intended to do. The government should set up a new organization, avoiding the mistakes that have been made, with a supervisory body. If it does not want to do that, then let it give the millions of dollars that are thrown down the river by this organization to other organizations that are self-starters like CUSO, the Frontier College and others. This is something the Government might well bear in mind.

While I may not disagree with the idea of supervision of this organization, providing there is a time limit, I feel that we should complete the funeral. I would go along with supervision but not on a permanent basis. For this reason, I cannot support the amendment or the general proposition of the government.

The Chairman: Order, please. I should like to seek the advice of the committee. I indicated before that I thought the debate at this point should be strictly related to the amendment before the Committee. I am concerned that there may be others who wish to move amendments. This may be difficult as long as the amendment is before the Committee because sub-amendment must necessarily be related to this amendment. If other members wish to speak on this particular amendment I shall be pleased to recognize them, but if members prefer to deal with clause 1 in a general way, perhaps I could put the question on the amendment by the hon. member for York South at this time. Is that agreed?

Some hon. Members: Agreed.

The Chairman: The question is on the amendment moved by the hon. member for York South. All those in favour will please rise. All those oppose will please rise.

Amendment (Mr. Lewis) negatived: yeas, 10; Nays, 73.

The Chairman: I declare the amendment lost.

• (9:10 p.m.)

Mrs. MacInnis: Mr. Chairman, our party has been endeavouring to have changes made in this bill because we do not feel we can support it in its present form. As a matter of fact there are certain things in respect of the Company of Young Canadians which have us really worried. This bill, however, does not solve anything. We do not know what else the government has in mind. We have not been told. All this bill proposes to do is hamstring these young people by appointing a comptroller who will have control over their finances and their programs. Any of us who have had dealings with young people do not believe we can get young people to work under conditions in which they are tied down hand and foot. We do believe the financing should be controlled. We have suggested this. Other members have suggested that with control of the finances there should also be control over the programs. We do not believe that is necessary if the person in charge of the finances has sufficient intestinal fortitude to deal with the situation.

What concerns me and others is that the young people turned to this government for leadership and believed they would get it through this line of volunteer work. Three years ago they were welcomed by a government composed, to a large extent, of the same people who make up the government today. They were told there was room for a large organization in this country which would send young people out, not to do Boy Scout or social service work in a mild way, but to do pioneering work in which they would have an opportunity to use their ability and initiative in giving help in this country where it is needed. We were told in this House by the then prime minister, and other ministers of

the government, that this would be a great crusade which would give the young people a real objective which would be worthy of their initiative and whatever they could provide in the way of ideas.

Now, after a period of time, the young people find that they have been sorely let down by the government. It is quite true, as the hon. member to my right said, no ground rules or any framework in which to work were laid down. I was a very new member of this House at the time the bill went through. I did not speak on it, but at the time I had reservations in my mind precisely about the lack of a framework and controls. I remember saying to a number of people that the volunteers will be just as successful as their contacts with the older, more experienced organizations and people. This is part of the reason I wish to say a few words tonight.

The young people are looking for leadership. They thought they had found it in this government. Now, they are being told their influence had been so bad on this country that they are not fit to be left alone, either financially or in respect of their programs. We are taking a step which will strangle them and tie them up in every possible way. The young people will not be fooled by this sort of thing. This action will have the effect of driving away many good quality young people who have been looking for leadership.

When people do not find good leadership from the government they look for it in other places. If they look in undesirable places it is precisely because they have been let down and left to their own devices far too much by this government over the past three years. I do not like to feel that this legislation cannot be amended, even at this stage, because I think amendments ought to be made which would make it possible for the Company of Young Canadians to be saved even though far-reaching changes and restructuring are necessary. I do not believe, as do hon. members to the right, that by some kind of easy facelifting we will have a new and better Company of Young Canadians. If we do what they prescribe we would have euthanasia, mercy killing. They say, in effect, put the whole organization to death now, then wait for the resurrection and everything will be all right. I do not believe that for a minute. The same problems that we have at this stage would rise to haunt us in the reincarnation.

This government is not grappling with the problem. It is saying of the Company of Young Canadians that it stinks, that it is terrible and we must get rid of it. The government pushes the panic button and tries to shuffle the young people around. I do not think we should be misled by the shouting and pressure which has been building up for the past few days. I think we should look calmly at the situation. Undoubtedly, bad things have happened in the Company of Young Canadians. We have heard reports of the bad things which have occurred in both Montreal and Toronto. I do not doubt these things for a moment. Fortunately, however, Toronto is not all of Canada, even though some people there seem to think so, nor is Montreal all of Canada even though some people there seem to think so. Those of us who come from other parts of Canada know of projects in respect of which the Company of Young Canadians has done a good job. We resent very deeply having all members of the CYC tarred with the brush which undoubtedly has been used on some unfortunate characters in the Company of Young Canadians.

In my city of Vancouver I could point to projects where young Canadian volunteers have been doing a magnificent job, either under the auspices of the Company of Young Canadians or under the auspices of other organizations which are off-shoots of this idea. The young people in this city have gone to work. I think of the splendid work done by a young Canadian volunteer among the young Indians who want to get on their own feet in the new and difficult city conditions in Vancouver. They are becoming very fine young citizens, indeed so much so that they are now running a gas station on their own and are making a success of it. I can think of another group of young Canadian volunteers who are working with young mothers who are on social assistance. These mothers had nothing to do except sit at home and look after their children. They are anxious to get out in the world and play a part either in voluntary work or in employment or by upgrading and educating themselves. Several young girls in the Company of Young Canadians have been working with these people in co-operation with social workers. I admit that these are social workers of a very enlightened type.

In Vancouver there are classes now where these mothers are learning to become oriented and where they are being prepared for work. A lot of this activity is going on. A nursery school has been built there, and a happening was arranged for young people last summer which was well organized in every way. There were no regulations broken at that

time and the young people had a splendid time. These are the projects of which the young Canadian volunteers have made a great success. These volunteers are going among their fellow Canadians who have not had a chance for self-expression in their lives. They are not trying to re-organize the lives of these people or stirring them up to do all kinds of lawless acts. What they are doing is trying to help them stand on their own feet. These CYC workers use government agencies and community agencies to provide jobs and training for the people, and in many cases they create jobs which were previously non-existent to get these people off relief and into productive work. That is what these volunteers are doing.

• (9:20 p.m.)

I object very strongly to having these volunteers swept under the rug, called all kinds of names, and abandoned by a government which gave birth to the organization in the first place. I think that this government has let down the young people of this country very badly. They are pandering to public clamour and worry over some of these projects. I do not like public funds to be wasted, and undoubtedly this has been the case in some of the projects. I understand that about $900,000 would be saved by the appointment of a comptroller of the company. I know this is a lot of money and the taxpayers do not want to see it wasted, but what about the $27 million that will be spent without the flick of an eyelash on the construction of a Canadian pentagon which we need as badly as a cat needs two tails? Yet, we are prepared to do it instead of other urgent things which the country needs such as helping the old age pensioners who have to get along on bread and tea this Christmas because we do not have money to increase their pensions, or instead of easing the difficult situation of the retired civil servants. Why are we putting up a $27 million pentagon? Surely, that is a waste of funds beside which the pecadilloes of the CYC are rather tame. These are the things about which we should be asking.

I cannot resist pointing out that in the department in which I am most interested, the Department of Consumer and Corporate Affairs, there is a $100,000 budget for a consumer advisory council which so far has not been able to provide much advice or help to consumers so far as one can see. About $600,000 is being voted for a Prices and Incomes Commission which so far is tiptoeing around urging people to please pull in their belts and not ask for higher wages or put higher prices on their goods at the present time. Surely, these things should be looked into when we are looking into the spending of government funds and possible places where some fat could be trimmed.

I could point to other examples. However, I do not urge that the CYC faults be overlooked or their misdeeds brushed aside, but simply that the whole problem be seen in perspective. We cannot say that we will wipe out the CYC because we cannot wipe out the young people of this country. Either we are going to use them in new social pioneering action along proper lines or we are going to drive them to frustration and into ways of acting which will be much more distasteful to us than even the present activities of some of the young volunteers.

I suggest that what the government should do at this stage is, first, even before this bill is passed, have the minister tell us what the government proposes to do to give the young people a chance to pioneer in the field of social work and to give them a wholesome outlet for their energy and initiative. In the second place, they should redraft the bill to establish control over the funds of the company so as to protect the taxpayers, while leaving the programs to the company.

The government should also realize that these young volunteers are not kindergarten kids who must be followed into every project, whose noses must be wiped and who must be led around by the hand. Young people will not work like that, but they will respond well if they are given decent leadership. It was because this government did not give them leadership that they got into the kind of trouble about which complaints have been made in Montreal, Toronto and elsewhere. This is what should be said at this time.

To fully appreciate what young people can do, let us take a look at CUSO which was set up satisfactorily and which expects responsible behaviour from the young people. As the hon. member for Simcoe North said, it had the proper framework and terms of reference. As a result, CUSO volunteers bring credit to Canada wherever they go. It is time that we dealt with the CYC in a manner that will enable it also to do creditable work within the country just as CUSO is a credit to us abroad.

I would like the government to propose an amendment which will make it possible for us to accept this bill, and I would like to know

what they propose to do in the future. What are their long range plans with regard to the field of work which should have been performed by the CYC to avoid all the young people of this country being rebuffed and sent down paths of which we disapprove? I would like to see them doing the pioneering work in this country which is their rightful heritage.

• (9:30 p.m.)

[*Translation*]

Mr. Latulippe: Mr. Chairman, I am pleased to express my opinion and that of many Canadian taxpayers about Bill C-171, entitled: "An Act to amend the Company of Young Canadians Act."

It would be better if this organization had never been established because its creation was detrimental to the Canadian people, and the taxpayers' money was dilapidated since it served purposes that were senseless and contrary to the ideal pursued by this parliament.

It is not a question of blaming what was done in the past but rather of taking steps for the future. And if we want to govern with justice, we must abolish this baneful organization which should never have been established.

Besides, when this Company of Young Canadians was formed, I was the only member to oppose its establishment. I knew what would happen because I had forebodings. One only has to read the official record of the time to realize that I am right. Then, Mr. Chairman, I am not responsible for that situation and since I have to place the blame on someone, I shall blame all those who voted for that bill.

In fact, the pocketbook was handed over to the first comer, without the slightest worry. It was said: Here is the pocketbook, it is yours. Now, when I hand over my pocketbook to somebody, I take a good look at him. Such a situation prevailed in Parliament that the pocketbook belonging to all Canadian citizens was handed over to people which used it for adverse purposes. We cannot take any more chances.

I agree with the hon. member for Trois-Rivières (Mr. Mongrain) that the activities of the Company of Young Canadians should be suspended. This waste must be stopped right now and we must fight this dreadful plague which should never have fallen upon Canada.

We have paid the piper. We shall pay for the damage done in Montreal. The taxpayer's money and hard work will be used to rebuild what has been destroyed at the cost of so many sacrifices. We have the right to stop that. We must, in our own conscience—and I put every member of Parliament in front of his own conscience and responsibilities—refuse to go any further. We have already gone too far and we have already taken too many chances in creating an organization which should never have been born.

We have given our pocketbook indiscriminately. Those who meddled with it were allowed to do so freely, without any control. Nobody was ever placed in front of his responsibilities as regards the creation of the Company.

Mr. Chairman, some responsible citizens were certainly aware of what was going to happen. Responsible members of the Parliament knew where the money of the taxpayers would go and what would be done with it. Some meant well but because of that, today we pay the piper.

Mr. Chairman, since we have to deal with irresponsible amoral people, utterly devoid of social understanding and without any scruples, we ought to put an end immediately to the blunder we made. We no longer have the right to make them. People will not tolerate any more nonsense and misdeeds against justice and Canadians.

I feel this is a matter of ethics. If the government wishes to spend money, let it hire moralists to teach citizens and make them face up to their responsibilities.

I think a great many of our young Canadians have no sense of responsibility. I do not know who is to blame but even in our universities some people are to blame for that because some of our young graduates have no sense of responsibility. Many try to destroy rather than to build.

I want to reassure serious citizens by telling them that we must take our responsibilities as regards the awful deeds we have witnessed. The Company of Young Canadians must disappear. We must work more closely, more socially and more humanely at creating other organizations that will not cost millions of dollars but practically nothing.

If young Canadians want to help their country, there are all kinds of organizations such as the Chambers of Commerce, social agencies and associations likely to give them the opportunity to show their abilities. After they have proven they are capable of taking responsibilities, we shall be in a position to achieve something. Until then, we are not justified in allowing such a fanatical organization to exist.

We have to restore justice, because we have dealt unfairly with our fellow-citizens by establishing an organization which has done everything possible to demoralize Canadians and to ruin the social structure which we must protect. We must therefore prevent it from carrying on its activities any longer.

It is essential to appoint a comptroller for a limited period and thus to prepare the Company's demise. He should be immediately appointed for a limited period and restore order within the Company, before it ceases to exist.

I insist on the fact that all the amendments moved up to now by the New Democratic Party are out of order, because they advocate the appointment of a comptroller who would have almost no responsibility so that the Company can continue to be up to its old tricks or do even worse perhaps than in the past. And we will be the ones to pay for this.

Since this is a question of justice and morality, if we have some money to spend, let us use it to build a sound society, by reorganizing its elements, so that one day we may have a truly just and responsible society.

[*English*]

Mr. Macdonald (Rosedale): Mr. Chairman, I apologize for speaking at this time, but I shall only be a moment. Pursuant to Standing Order 6(5) I would like to move, seconded by Mr. Olson:

That today's sitting be continued beyond the ordinary hour of daily adjournment for the purpose of completing the Committee of the Whole stage of Bill C-171.

Mr. Baldwin: On a point of order, Mr. Chairman, although the rules do not permit it the committee might be willing to give me unanimous consent to show our willingness to accept to some extent what the minister proposes.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Baldwin: We object, then.

Mr. Peters: Could we have clearly defined to what we are supposed to be agreeing?

Mr. Baldwin: We are not agreeing to anything.

The Chairman: Order, please. Pursuant to Standing Order 6(5) I will temporarily interrupt the proceedings of the Committee of the Whole, which is provided for in the Standing Order, to take the Chair. At that time I will put the motion which has been presented to the committee by the President of the Privy Council. At that time if ten members object, the motion is deemed to be withdrawn.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, so that there won't be confusion when you are in the Chair, may I suggest that there is a certain form in which the motion might be agreeable. It would require the addition of certain words to the motion presented by the government house leader.

The Chairman: I will entertain some discussion at that point, if it is a question of refining the motion.

• (9:40 p.m.)

And the Deputy Speaker having resumed the chair:

Mr. Deputy Speaker: Order, please. I might put the motion as presented by the hon. President of the Privy Council (Mr. Macdonald). Pursuant to Standing Order 6(5), Mr. Macdonald (Rosedale) moved, seconded by Mr. Olson:

—that today's sitting be continued beyond the ordinary hour of daily adjournment for the purpose of completing the Committee of the Whole stage of Bill C-171.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, we are prepared to sit for half an hour past the usual adjournment time or until committee stage is finished, whichever shall come first.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, that is exactly the reservation we would make.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, if the hon. member would like to amend the motion to this effect, it is quite acceptable to this side.

Mr. Deputy Speaker: Will the minister agree that a House order be made to that effect?

Mr. Macdonald (Rosedale): Yes, Mr. Speaker.

Mr. Deputy Speaker: I think the House understands the consensus, assuming there is consensus. All those opposed to the motion as amended please indicate.

There not being more than ten members opposing, the motion is deemed to have been adopted.

Mr. Macdonald (Rosedale): I thank the hon. members.

Motion as amended agreed to.

And the House having resumed in committee:

[*Translation*]

Mr. Asselin: Mr. Chairman, I listened very carefully to what the hon. member for Trois-Rivières (Mr. Mongrain) said last night about the bill now being studied.

The way this bill was drafted by the government surprises me very much. A committee of the House sat for many weeks in order to get at the truth and to find the reasons for unrest within the Company of Young Canadians. Once again, the government does not take into account the recommendations of the committee and simply asks the House to pass hastily a bill whose sole purpose is to provide for the appointment of a Comptroller of the Company of Young Canadians.

That is why, Mr. Chairman, we often wonder what the committees of the House are for. Even though committees' recommendations are not binding upon the government, I suggest it should have taken into consideration not only the committee's recommendations but also its terms of reference.

According to the minister, this legislation must be passed, and when it is, another one will be passed, without our being told about its substance.

That is the reason why my colleague for Annapolis Valley (Mr. Nowlan) objected to the bill being introduced without hon. members being told of the nature of another bill to be brought forward later on.

We also wonder whether the government's bill does not come too late. Following the exchanges between the Prime Minister (Mr. Trudeau) and Mr. Saulnier, Chairman of Montreal's Executive Committee, even before the committee held its first sitting and Mr. Saulnier made his statement in Montreal on the Company of Young Canadians, even while the Secretary of State (Mr. Pelletier) was aware of the deep-rooted unrest within the Company of Young Canadians, no action was taken while it was still time. The Secretary of State merely summoned the Director of the Company once to his office, to ask him what was going on and whether a volunteer of the Company was going to be thrown out.

That was all the control exercised, whereas what was required was the taking over of the management of a company that was spending public funds. The inquiry revealed expenditures of $7,000,000.

In Montreal, the inquiry also revealed that many volunteers were just agitators—not dissenters, those we accept in our modern society—seeking the destruction of democratic institutions existing in Montreal and elsewhere in the province of Quebec.

The Secretary of State was aware of that. He had been warned long before the Chairman of Montreal's Executive Committee made a public statement. But it was the great silence. Had it not been for Mr. Saulnier's statement, we would not know anything more about the doings of some members of the Company of Young Canadians.

The government, finding itself cornered when a royal commission was called for to investigate the matter in depth, decided to entrust a parliamentary committee with the consideration of the whole problem.

According to the report of that committee, where a minority opposed the general recommendations, it would simply be necessary to place the Company of Young Canadians under trusteeship, to review its objectives, to renew its structures so that we may know how the funds allocated to that organization are spent.

We have the striking example of a government which advocates greater participation by hon. members in public affairs. When it was suggested that the committee be given more leeway, the government did not pay any attention and the introduction of the bill now under study is another example of how little concerned the government is about the work of committees. It is the cabinet which decides. The policy is spelt out by the government, not even by the members of the party in office.

• (9:50 p.m.)

Mr. Chairman, I agree with the statement of my colleague from Annapolis Valley (Mr. Nowlan). We wish to know which steps the government intends taking in order to settle the problem of the Company of Young Canadians. It does not follow that we of the opposition are against the activities of young people who wish to improve our society through social development for the benefit of those who are without voice, as the law says. But we wish to purge the company of its undesirable elements, to give it a new structure and new objectives. And if the minister would let us know the provisions of the new proposed legislation, perhaps this debate would not be necessary.

We are not satisfied with the minister's explanations.

He is responsible for what is happening within the Company of Young Canadians. The government also is responsible, but it does not try to hide its inefficiency or its slackness behind a bill they want us to pass with an unseemly haste. Let them introduce a well thoughtout bill, that could offer a satisfactory guidance to the Company of Young Canadians and we might gladly work hand in glove with the government to make that organization more efficient.

Mr. Speaker, I have nothing more to say. Perhaps, when the bill is read for the third time, I will express my views in more detail. But I must say right now that the government has been remiss in its duties; it has not warned the Parliament of the malaise that existed among the Company of Young Canadians. And when we know that the Company has spent 7 million dollars of public funds we are entitled, as representatives of the people, to know how this money has been spent, and in what direction this Company, that a Liberal government has established, intends to carry on its job.

Mr. Laprise: Mr. Chairman, as I have already participated in the debate on the motion for second reading of the bill, my remarks will be rather brief.

It was probably noted that in concluding my speech yesterday, I proposed an amendment that was perhaps premature. In fact, I have learned that the government, through its leader in the house, intended to amend section 2 so as to limit the duration of the comptroller's tenure of office within the Company of Young Canadians. I believe that my amendment is no longer necessary and I now rely on the leader of the government in the House and on his promise.

However, I believe that section 1 of the bill entrusts the comptroller with too little power. After the charges laid against the Company of Young Canadians up to now, the comptroller should have a much clearer mandate.

Like many other members, even ministers, I think that the Company of Young Canadians should be abolished and that we should let it go at that. It might even be too fine and well!

I think we request the abolition of the Company because we feel they have acted contrary to the mandate entrusted to them. That is why I feel that we must not merely ask the government to abolish the Company

of Young Canadians but look into the reasons for doing so.

In addition, we must find out whether the public charges made by either the chairman of the executive committee of the city of Montreal or any one else were justified. Personally, I have no doubt about it, but I feel that as a result of the claims of those people, a full inquiry is indicated.

With regard to clause 1 of Bill C-171, the comptroller should be granted more powers so that he might not only look into the operations of the Company from now until March 31st, but also have the right to scrutinize the files. That is what the chairman of the executive committee of the city of Montreal requested, namely who had spent the funds of the Company, and to which purpose. It would certainly be a good thing to know.

That is why, I move, seconded by the hon. member for Compton (Mr. Latulippe):

That clause I, sub-clause 10-A be amended by adding thereto, immediately after paragraph (4), the folowing:

(5) The comptroller shall have power to carry out any investigation into the uneasy administrative circumstances of the Company of Young Canadians, the charges made by the President of the Executive Committee of the City of Montreal in relation to subversive manoeuvers by certain members of the Company of Young Canadians, and generally, the various aspects of the activities of the Company of Young Canadians.

[*English*]

The Chairman: Is the committee ready for the question?

Amendment (Mr. Laprise) negatived: yeas, 3; nays, 57.

The Chairman: I declare the amendment lost.

Clause agreed to.

On clause 2—*Expiration*

The Chairman: Shall clause 2 carry?

Mr. Nowlan: On a point of order, Mr. Chairman, in view of assurances which have been given should the government not be proposing an amendment at this time?

[*Translation*]

Mr. Macdonald (Rosedale): Mr. Chairman, I wish to move the following amendment:

Bill C-171 is amended by deleting clause 2 thereof and substituting therefor the following:

"2. This act shall expire on the earlier of

(a) March 31, 1970, or

(b) a day to be fixed by proclamation."

• (10:00 p.m.)

[*English*]

The Chairman: Shall the amendment carry?

Amendment (Mr. Macdonald, Rosedale) agreed to.

The Chairman: Shall clause 2 as amended. carry?

Mr. Nowlan: On a point of order, Mr. Chairman. I quite appreciate it is ten o'clock—

Some hon. Members: Oh, oh.

Mr. Nowlan: We gave you an extra half hour. I do not intend to make a speech. For the purpose of the record, before we pass on to clause 2—are we on clause 2?

An hon. Member: Yes.

Mr. Nowlan: I wonder if the Chair had time to consider the legality and propriety of the amendment proposed by the hon. member for Abitibi, that we so hastily voted on, and whether in fact it was in order.

The Chairman: Order, please. Of course, the Chair has considered it. I do not see how a point of order can be raised now. In fact, the amendment as proposed by the hon. member for Abitibi was put to the committee and a decision has been taken. As I understand it we are now at the point, "Shall the title carry?".

Mr. Nowlan: I want to point out that it is ten o'clock, so we still have a half hour. I do not intend to take any more time. In spite of the fact that much has been said in the last two days, and the minister has been here for the greater part of those two days, he has made no statement whatsoever about what is to be in the next bill that is to come before this House. I assume, perhaps incorrectly, and the minister can correct me if I am wrong, there is going to be a bill placed before this House. The minister said earlier that he would do that on Friday. He stated he could not tell us the details of that bill because it has not passed cabinet. We on this side understand that, but we still feel very strongly that he should at least define the bill in a general way, as he did for the Canadian Broadcasting Corporation and Radio Canada last night. We have heard nothing from the minister.

Some hon. Members: Oh, oh.

Mr. Nowlan: If anyone wants to prolong the debate they can raise a point of order, and I will answer questions. I want to make it clear to those in the fourth estate, the news media, who should perhaps go to Senator Davey—that the suggestion of March 31, 1970 came from this side of the House.

The debate last night was not delayed by Her Majesty's Loyal Opposition, but perhaps by a misunderstanding on the part of someone in some other part of the House. It was said over the CBC this morning that the opposition intervened and amended a compromise suggested by the President of the Privy Council. This is completely contrary to the truth, and I would like to have that reporter checked by Senator Davey.

Be that as it may, we are moving into a period of amicability and compromise. We have heard nothing from the minister on this question of what the intention of the government is. Do we still have his assurance that a bill is to come before this House for first reading on or before Friday? I admit there is not much time. Having heard some of the generalities that the minister stated to the press, we on this side do not intend to take any more time at this stage of the bill.

An hon. Member: Good.

Mr. Nowlan: Someone groaned or made an objection. I will sit down and let him speak. Our position is going to be made perfectly clear. When third reading of this bill, is moved we will be moving an amendment to send this bill back to the committee so the committee can recommend the dissolution of the Company of Young Canadians.

The Chairman: Shall clause 2 as amended carry?

Clause 2 as amended agreed to.

Title agreed to.

The Chairman: Shall the bill as amended carry?

Some hon. Members: Agreed.

Some hon. Members: On division.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time? Next sitting of the House?

Some hon. Members: Agreed.

Proceedings on Adjournment Motion

Mr. Baldwin: Mr. Speaker, would it be the intention of the House to proceed with the usual adjournment motions? There are eager and impatient members here anxious for an answer to that question.

Mr. Deputy Speaker: I think by leave only can we proceed with the late show, but I take it there is such disposition.

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

Mr. Lewis: Mr. Speaker, would you be good enough to call the second motion? The hon. member for Winnipeg North Centre (Mr. Knowles) is not here for the moment, but we are drumming him up from somewhere. No doubt he is having a glass of ginger ale.

Mr. Deputy Speaker: Order, please. The hon. member for Fundy-Royal.

IMMIGRATION—DR. KAZIMIERZ LASKI—REQUEST TO ENTER CANADA

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I will gladly defer to the hon. member for Winnipeg North Centre when he has had his nourishment. I understand that in India his diet was tea and Arrowroot biscuits. It would have been much better had I followed that diet many years ago.

The Minister of Manpower and Immigration was asked about the admission of Dr. Kazimierz Laski to Canada for the purpose of accepting an invitation to teach economics at York University. Dr. Laski is a Polish Jew and has been a member of the Communist party. I am informed that he has been a Communist most of his adult life. Despite his political views, his renown as an economist is undisputed. Dr. Laski renounced his affiliation with the Communist party because of the policy of that party in Poland with regard to anti-Semitism. He went to Prague, and from Prague went to Vienna where he has been teaching. Apparently it is easier for a Polish Jew, ex-Communist, to get admission to Austria than to get admission to Canada.

Dr. Laski was offered a teaching post by York University. He was also offered posts in Paris and Tel Aviv. Apparently it is easier for a Polish Jew, ex-Communist, to teach in Paris and Tel Aviv than in Canada. Canada has refused to admit Dr. Laski. I have no way of knowing, and neither has Dr. Laski, why this is so.

This afternoon we heard an interesting statement from the minister, who said that humanitarian considerations were still paramount to the immigration department. This does not apply to Polish Jews who happen once to have been Communists. It is ironic that someone who apparently sees the error of his ways is penalized and restricted in his movement to this country. What is to me insufferable and illiberal, as it surely is to a very distinguished member of the Liberal party—the Minister of Manpower and Immigration—is that the reasons for Dr. Laski's rejection have not been given. I find this an intolerable affront to a citizen and an intolerable affront to Parliament. That is why I posed the question in this way. The bitter irony, of course, is that Canada herself is lessened by this administrative decision because it just happens that Dr. Laski might add to our knowledge about ourselves and the world.

• (10:10 p.m.)

Hon. Allan J. MacEachen (Minister of Manpower and Immigration): Mr. Speaker, I should like to say at the beginning that I have no knowledge of Professor Laski's ethnic, racial or religious background. No such information was sought by the immigration department. As my hon. friend knows, no decision in respect of a person's admissibility is based upon any such factor. I hope my friend was not inferring in his remarks that there was any such attitude or prejudice in departmental administration in this case, because if he was I think it was quite unworthy.

It has not been the practice, as hon. members know, to debate publicly the details of immigration cases because it would involve a breach of the confidential relationship which exists between the department and those who seek admission to Canada. To debate in detail such cases would obviously necessitate divulging information which the department receives from the individual as well as from other sources.

In view of the importance which my hon. friend and the hon. member for Winnipeg North Centre (Mr. Knowles) have attached to this case, and because a refusal of a visa is

based on security considerations, I thought it might be useful to depart at least slightly from the practice I have mentioned without creating a precedent for the future.

Professor Laski was refused an immigrant visa because he is a prohibited person under subsection (l) of Section 5 of the Immigration Act. This prohibits the admission of persons who are or have been, at any time before or after the commencement of the Immigration Act, members of or associated with any organization, group or body of any kind concerning which there are reasonable grounds for believing that it promotes or advocates subversion by force or other means of democratic government, institutions or processes, as they are understood in Canada.

In order to determine whether an independent applicant for an immigrant visa is admissible—Professor Laski was an independent applicant and was not seeking admission as a refugee—he is interviewed at a Canadian immigration visa office abroad to determine whether or not he is able to meet the selection criteria in respect of his work qualifications, is able to pass a medical examination and whether or not he is prohibited by reason of criminality or because of the possibility of his being a risk to Canada's internal security.

In this connection I would remind hon. members of the report of the Royal Commission on security, which membership included a former distinguished member of this House, the Hon. M. J. Coldwell. I believe in considering such a case—

Mr. Speaker: Order, please. I am sorry to interrupt the hon. minister but his time has expired.

TAXATION—WHITE PAPER ON REFORM—PREPARATION OF SLIDES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, on December 10 I asked a question in which I set out certain facts as to documents and proposals for tax reform. This related to a film that was prepared in order to sell these proposals to the Canadian people. On December 10, I asked the Minister of Finance (Mr. Benson) a question about a film prepared by him in which he discusses, with film illustrations, certain recommendations in "Proposals for Tax Reform", which I have already categorized as a red manifesto. The minister is endeavouring to sell his ideas and his recommendations to the Canadian people. If he goes on the "Nation's Business," by way of T.V., sets out certain things about the manifesto which he likes and believes that the people like, I have no quarrel with that. All members of Parliament and parties have the same privilege. But when he deals with eight different tax subjects, some of which are individual tax reforms, capital gains, business and property income, and so on, which are discussed in a document containing 96 pages—approximately 500 paragraphs—and reduces that to ten paragraphs, then he is selecting what he believes is palatable and saleable to the Canadian people. The Canadian people are paying for his propaganda. Those who are opposed to this "Red Manifesto" should have the same opportunity, the same resources, to prepare another film pointing out what I consider to be a grave mistake which will reduce the nation to a socialist state and a group of bookkeepers.

For example, the minister speaks in glowing terms about a capital gains tax and naturally, to a person who has never made a capital gain, this sounds like icing on the cake. However, what the minister has really done has been to abolish the whole idea of capital gains and categorize any capital gain as income, whether in the stock market or the result of selling property. A capital gain, if and when it is determined in accordance with his law, will be added to the other income and will become part of taxable income. He has not told the taxpayers, even though they are paying for his picture show, that companies and individuals will be forced to sell stockholdings. They will lose control of their own enterprises and a foreign power will own and control not part of our resources, but all of them. He has not told them in his picture show that the lower income tax bracket people, which he estimates to be 750,000, will be confined and imprisoned to that income for life, because the moment the income exceeds the new exemptions their rate of tax immediately increases. He has not told the Canadian people the truth, by film or otherwise, that the middle income people will carry most of the tax burden. Nor has he told the people what he is going to use the money for. Nor has he told the people the truth about how much money taxing capital gains' income will really net. How many businesses and farms will the government end up owning through confiscatory policy?

He talks of a billion dollars as if he were saving the average man that amount of money when actually to the low income tax bracket group, who should be off the tax rolls now, it amounts to only $30 million. If a

family has managed under the former tax laws to build up a bundle, this family will be able to retain that wealth. But the little person, the average man, will have to face stiff competition in order to accomplish what others in the past have done without the burden of the "Red Manifesto."

In brief, he is guilty of a new philosophy for Canada for which I coin a new phrase. I call it the Goebbelization Propaganda Method. This is a new system of by-passing Parliament, of using the people's resources—which he will efficiently collect under the guise of tax reform—to sell a brand new social philosophy to the people. He will then not implement the tax until the dying days of this government and go to the people for their votes without giving them an opportunity to actually check their pocketbook. When his Goebbelization is implemented, when his propaganda becomes a *fait accompli*, it will be too late. Once we have taken this fatal step, once the people have been reduced to bookkeepers like himself, even though they will turn against the minister and his government later, he may have received a mandate for another four years.

I cannot think of better phrases to use than those used by a far more experienced parliamentarian than I who said this:

> There were caesars before Caesar—and after him—who dealt in bread and circuses.

Like the Minister of Finance (Mr. Benson).

> Caesar was high priest not only of the corrupted religion of the day, but of a debauched electorate as well. He poured out the public moneys from the treasury for their amusement; he manipulated the price of their bread; he told them always that these blessings came from Caesar. And it was quite a while before the Roman people tumbled to the fact that the big party was on them, after all.
>
> Over-inflated payrolls, printing press money, and government largesse for political purposes may corrupt the electorate as surely as vote stealing at the polls, and much more successfully.

In other words, selection has been employed. He has selected for this film what he thought would sell his tax reform to the Canadian people but he has failed to tell them what actually exists in the 96 pages I have categorized as the "Red Manifesto".

• (10:20 p.m.)

Hon. Herb Gray (Minister without Portfolio): The Canadian public might want to reflect on what appears to be the hon. member's opinion of their intelligence, as appears to be implied in what he said. It seems to me that they certainly have the good sense and judgment to make up their own minds about the proposal put before them by the government in the white paper. Contrary to what the hon. member is suggesting, I feel that the intelligence and good sense of the Canadian public is such that they will be able themselves to assess the material in the slides in question if they should ever happen to see them.

I am informed that the Minister of Finance (Mr. Benson) personally decided upon the contents of the slides prepared to illustrate the proposals of the white paper. Draft material was prepared by members of the minister's staff and the Department of Finance. The slides were produced by the National Film Board under strict conditions of secrecy and supplied to the Department of Finance for use in the minister's explanation of the white paper at the time of its release and in subsequent weeks.

I am informed that the cost of the slides was $3,141, including art work and production. The material in the slides was drawn from the white paper, and I submit that the slides are no different in substance from the press summaries of the white paper distributed both to the press and to hon. members and which I gather they found to be both useful and informative. As hon. members have noted these summaries covered only extracts from the white paper.

To sum up, I submit that the slides were only a different way of communicating to the public the proposals in the white paper and, as hon. members know, copies of the white paper have been sent out in large numbers across the country to members of the public who requested them. One would think, looking at the matter with any degree of objectivity, that whether the public looks at the white paper, at press summaries, at slides or at articles in the press, they are getting information as to the nature of the proposals about which, I am sure, they are able to use their own good judgment.

I submit that on balance, after considering the proposals and after public discussion about them, they will in substance be found to be linked with the government's aim of having an equitable system of taxation in Canada.

PENSIONS—REQUEST FOR INTERIM INCREASE PENDING WHITE PAPER ON SOCIAL SECURITY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Wednesday December 3, as recorded in *Hansard* at page 1551, I put a question to the Minister of National Health and Welfare (Mr. Munro). I might point out that on that day Christmas was still over three weeks away. My question was as follows:

> Mr. Speaker, in view of the fact that having to wait for the government to produce the white paper on social security is resulting in considerable delay in increasing the amount of the old age security pension, I should like to ask the Minister of National Health and Welfare whether the government will consider granting an interim increase in those pensions as a way of saying Merry Christmas to our retired people?

The reply of the Minister of National Health and Welfare was one in which, albeit there were a couple of interruptions, he made two references: first, to the acceleration that takes place annually in the old age security pension and, second, to the Canada Assistance Plan. I suggested that I would not comment on the acceleration which in January will be at the rate of $1.58 a month for in my view that is hardly to be called an increase in the pension, particularly when the so-called cost of living increase is running 2 or 3 per cent behind the actual increase in the cost of living.

So, Mr. Speaker, although it is so close to Christmas now that the chances of the government doing anything for our old people are pretty slim, there is always next Christmas, and perhaps if one keeps at this week in and week out, month in and month out, even this government might some day do something. Mr. Speaker, these white papers may be pure and lily white but they are certainly causing an awful lot of delay in this House of Commons.

Mr. Douglas (Nanaimo-Cowichan-The Islands): That is what they are for.

Mr. Knowles (Winnipeg North Centre): My leader has made a very pertinent comment. I suggest that it is not fair to ask our old people, of all our people, to wait for their glimpse of the just society until we get this white paper on social security.

I do not know what the white paper is going to suggest or foretell, but surely it is going to call for some improvements in the lot of our older and retired people. Surely, it is not going to recommend any cut-backs. Surely, it is not going to leave things as they are. There is only one way those who will produce the white paper can move, and that is up so far as the pensions of our retired people are concerned. That being the case I suggest that a payment on account, an interim adjustment, could well be made without waiting for the white paper itself.

I recognize this is a suggestion that is being made in a number of quarters. The veterans' organizations are suggesting that there be an interim increase in the basic pension and in the war veterans allowance until a final decision is made. I realize that if we give this interim increase with respect to one group requests will be made that it be given with respect to others, but I think it is perfectly justifiable for us to make this suggestion.

I believe we all agreed with the interjections that were made yesterday when the Leader of the Opposition (Mr. Stanfield) asked a question about old age pensions and got the reply that a white paper is coming. As he and several other members said, do you expect the old people to live on or to eat white paper? In effect, that is what the government is asking many of our retired people to do for another six months, another year and maybe longer. In fact, many of our retired people will die before there is any increase in the pension if they have to wait and live on these references to the proposed white paper.

I know that one of the stock answers is for government spokesmen to tell us how much the government has done in the field of social security over the last 50 years since the party now in power first got into that field. But the fact is that in relative terms, in terms of what is happening now with the higher cost of living, and with everybody else getting an increase, it is unfair that our older people, our retired citizens generally, our retired veterans, our retired civil servants and all the rest have to wait until we get a white paper.

I am not asking that any adjustments made now be the final answer. I know that after we have an over-all look at things a pattern will be developed. But in the meantime, assuming the government is going to move forward I think it is fair to ask for an interim adjustment of a reasonable magnitude, and I hope that the Parliamentary Secretary who is going to answer tonight has been given instructions or authority from the department to say that yes, the government does want to say Merry Christmas to our older people, not just with words but with something that is solid and substantial.

Proceedings on Adjournment Motion

• (10:30 p.m.)

Mr. Stanley Haidasz (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I share the hon. member's desire that the Department of National Health and Welfare give me the authority to say yes to a certain proposition he has made tonight. The financial difficulties of our old age pensioners are of deep concern to my minister, to the government and to all of us. The over-all situation is at present being studied and I refer here to the government study in depth of social welfare in Canada.

Many suggestions are usually made to deal with the immediate need. I shall make reference tonight to two suggestions made most frequently to provide for the immediate needs of pensioners at Christmas. The first suggestion is to advance the payment due on December 30 by some two weeks to give pensioners more financial flexibility during Christmas, but this would only postpone the problem. Of the 1.5 million pensioners in Canada 500,000 are entirely dependent and a further 300,000 partly dependent on the pension and the income supplement. These people administer their incomes on a month to month basis. If they waited six weeks until the next cheque, it would place an intolerable strain on their resources.

The second suggestion made is that the government make an additional payment—a Christmas bonus—of perhaps $100 to each pensioner. From the figures I have been given this would cost approximately $150 million. Regrettably, it is not possible, I am informed, to provide this amount of money now. The problem is acute and that is why the government is taking steps to remedy it as soon as possible.

Mr. Knowles (Winnipeg North Centre): How about answering the question that was asked?

Motion agreed to and the House adjourned at 10.35 p.m.

HOUSE OF COMMONS

Wednesday, December 17, 1969

The House met at 2 p.m.

MESSAGE FROM THE SENATE

Mr. Speaker: Order. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-169, an Act to grant to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1970.

[*Translation*]

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed, without any amendment, Bill C-2, an Act to amend the Judges Act; and also

A message informing this House that the Senate has passed the following bills, to which the concurrence of this House is desired:

Bill S-12, an Act to prevent the introduction into Canada of infectious or contagious diseases.

Bill S-13, an Act to amend schedule A of the Bank Act.

[*English*]

ROUTINE PROCEEDINGS

TRADE

TABLING OF LETTER FROM JAPANESE AMBASSADOR RESPECTING RESTRAINTS ON EXPORTS TO CANADA

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, with the permission of the House I should like to table a copy of a letter dated December 11, 1969 from the Japanese Ambassador informing me of the restraints being applied by the Japanese government on exports of certain products to Canada during 1969. These restraints are being applied by the Japanese government following consultations between representatives of the Japanese and Canadian governments.

If the House approves, I propose that the ambassador's letter be printed as an appendix to *Votes and Proceedings.*

Discussions have been held with the Japanese authorities regarding the levels of their exports to Canada of certain man-made fibre textile products, including polyester-cotton fabrics, which are not included in the list annexed to the ambassador's letter of products subject to specific levels of restraint. Discussions with Japanese representatives are continuing on this matter.

• (2:10 p.m.)

As hon. members will be aware, similar products are also the subject of discussions being held between Japan and the United States. We are keeping ourselves informed of the progress of these discussions. It will be appreciated that at this stage of confidential talks between ourselves and our various trading partners it would be inappropriate for me to go into details. A further report to the House will be made at a later date.

[*Later:*]

Mr. Speaker: Perhaps I should refer to the statement made by the Minister of Finance a moment ago. I believe he asked for leave of the House that the letter to which he referred be included in *Votes and Proceedings.* Is this agreed?

Some hon. Members: Agreed.

[*Editor's note: For text of letter see today's Votes and Proceedings.*]

INDIAN AFFAIRS

SUPPRESSION OF PROTESTS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I seek the unanimous consent of the House to move a motion under Standing Order 43. I base my reasons for obtaining unanimous consent on the serious implications of the statement reportedly made yesterday by the Minister of National Revenue in which he threatened Indian leaders of the St. Regis reserve that any further demonstrations against government policy could be suppressed by the Canadian army.

I therefore ask for consent to move the following motion:

That this House express its concern that it is the apparent policy of the government to intimidate and prevent peaceful protest by the Indian people against government policies which work serious hardship on the Indian people.

Mr. Speaker: Under the rules the minister cannot take the floor to say whether the statement contained in the motion is true or untrue. The only thing he can say is whether he consents, along with other hon. members, to the motion being put to the House at this time. Is there unanimous consent under the terms of Standing Order 43?

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Speaker: There is no such consent.

PRICE STABILITY

APPOINTMENT OF JOINT PARLIAMENTARY COMMITTEE

On the order: Government notices of motions:

December 15, 1969—The Minister of Consumer and Corporate Affairs:

That a special joint committee of the Senate and House of Commons to be known as the Joint Parliamentary Committee on Price Stability, be appointed to consider reports of the Prices and Incomes Commission, and such other related reports or papers as may be referred to the committee, with powers to report from time to time its observations and opinions thereon; to send for persons, papers and records; to sit during sittings and adjournments of the House; to print from day to day such papers and evidence as may be ordered by the committee; and to delegate to subcommittees any of its powers except the power to report directly to the House of Commons.

That 12 members of the House of Commons, to be designated at a later date, act on behalf of the House as members of the said committee, seven of whom shall be required for a quorum.

That when a quorum is not present, the chairmen of the said committee or of its subcommittees be authorized to proceed with meetings for the purpose of receiving and printing evidence; and

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems advisable, some of its members to act on the proposed special joint committee.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the House.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVE PROGRAM

Question No. 20—**Mr. Broadbent:**

For the fiscal year 1968-69 and the current fiscal year up to September 1969, what has been the number of projects, the forecasted federal government expenditures, and the actual government expenditures for the Department of Industry, Trade and Commerce Industrial Research and Development Incentive Act Program?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce):

	Forecasted Expenditure	Actual Expenditure	No. of Projects
FY1968/69	$31,300,000	$19,592,000	408
FY1969/70	$34,400,000[1]	$ 5,448,000[2]	272[3]

[1] (to March 31, 1970) [2] (to Sept. 30, 1969) [3] (to Sept. 30, 1969)

ADVANCEMENT OF INDUSTRIAL TECHNOLOGY PROGRAM

Question No. 23—**Mr. Broadbent:**

For the fiscal year 1968-69 and the current fiscal year up to September 1969, what has been the number of projects, the forecasted federal government expenditures, and the actual government expenditures for the Department of Industry, Trade and Commerce's Program for the Advancement of Industrial Technology?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce):

	Forecasted Expenditure	Actual Expenditure	No. of Projects
FY1968/69	$ 9,000,000	$ 4,304,000	127
FY1969/70	$11,000,000[1]	$ 1,709,000[2]	79[3]

[1] (to March 31, 1970) [2] (to Sept. 30, 1969) [3] (to Sept. 30, 1969)

DEFENCE DEVELOPMENT SHARING AND CAPITAL EXPORT MODERNIZATION PROGRAMS

Question No. 24—**Mr. Broadbent:**

For the fiscal year 1968-69 and the current fiscal year up to September 1969, what has been the number of projects, the forecasted federal government expenditures, and the actual government expenditures for the Department of Industry, Trade and Commerce's Defence Development Sharing Program and Defence Capital Export Modernization Program?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Defence Industry Productivity Program—Defence Development Sharing and Industry Modernization for Defence Exports:

	Forecasted Expenditure	Actual Expenditure	No. of Projects
FY1968/69	$32,000,000	$30,173,719	168
FY1969/70	$37,000,000[1]	$11,568,417[2]	157[3]

[1] (to March 31, 1970) [2] (to Aug. 31, 1969) [3] (to Aug. 31, 1969)

SCIENCE COUNCIL OF CANADA

Question No. 63—**Mr. Orlikow:**

1. Is the government presently giving favourable consideration to excluding government scientists from being represented on the Science Council of Canada?

2. Is the government presently giving favourable consideration to increasing the number of social scientists on the Science Council of Canada?

3. Is the government giving favourable consideration to establishing a permanent House of Commons Committee on Science Policy?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): 1. The government is not at this time considering exclusion of government scientists from being represented on the Science Council of Canada. However, governmental representation on the 29 member Council has been modified from that of ten members to five members and four associate members. Consideration is also being given to making all new member appointments to the Council from outside the public service.

2 and 3. Not at this time.

ACCESS TO LINES OF CREDIT WITH BANK OF CANADA

Question No. 65—**Mr. Saltsman:**

1. Who are the fifteen money market dealers who have access to lines of credit with the Bank of Canada and are entitled to bid in the Treasury Bill auction?

2. When were they given this access to the Bank of Canada?

3. What criteria was used in the selection of these money market dealers?

4. Why are only fifteen selected for this function?

5. Was there a competitive tender for the right of access and to bid for Treasury bills and if not, for what reason?

Hon. E. J. Benson (Minister of Finance): 1. All primary distributors of Government of Canada marketable securities, of whom there are approximately 200, are entitled to bid at the weekly Treasury Bill auctions. Included in this group of primary distributors are the money market jobbers who are at present eligible to enter into purchase and resale agreements with the Bank of Canada within agreed limits; because of the banker-client relationship that is involved and because the number changes from time to time the Bank has not made a practice of publishing the names of such jobbers.

2. Access to purchase and resale agreements with the Bank of Canada was established in 1953 for bond dealers who were performing a jobbing function in respect of short-term Government of Canada securities. Since that time some dealers have withdrawn from this group and others have been added to it.

3. The basic considerations used in determining whether a bond dealer should have access to purchase and resale agreements with the Bank of Canada relate to the record of performance of the jobber with regard to the money market securities in the major Canadian financial markets and include the extent of his participation in the Treasury Bill market, the size of inventory of short-term Government of Canada and other money market securities which he is normally willing to hold, the extent to which he makes markets in such securities, and the amount of capital and the expertise of the personnel resources he is willing to devote to money market operations.

4. There is no pre-determined number of money market jobbers. The number has changed from time to time.

5. No. See (1) and (3) above.

Questions

NORMAL DUTIES OF ICEBREAKER "JOHN A. MACDONALD"

Question No. 92—**Mr. Thomson:**

1. What would the Coast Guard icebreaker *John A. Macdonald* normally be doing if it were not accompanying the *SS Manhattan* through the North West passage?

2. Did the diversion of the *Macdonald* to the *Manhattan* project involve any additional expense and, if so, what amount?

3. For the period of time Captain Tom Pullen of the Department of Transport is serving on the *Manhattan*, who paid his salary?

4. Were the services of Captain Pullen offered to the Humble Oil Company and its partners or were they requested by them?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. The *John A. Macdonald* would have been employed assisting with the support of the northern resupply operations, in hydrography and oceanography, and investigating late season operations in Strathcona Sound.

2. More fuel may have been consumed because of a period she operated in heavier ice conditions than would have been the case had she not accompanied the *Manhattan*. Other ships had to operate longer to assume that part of her work which could not be postponed. Additional cost approximately $20,000.

3. The Department of Transport.

4. Originally the Humble Oil Company requested assistance in obtaining the services of an experienced Canadian Arctic ship master. The Canadian Government also wished to have an official Canadian representative on board who would be able to effect liaison between the Department of Transport, the Canadian Coast Guard icebreaker, the U.S. Coast Guard icebreaker and the Humble Oil Company people during the passage. Agreement was reached with Humble Oil Company that Captain T. C. Pullen could fulfill all these roles.

"MANHATTAN" PROJECT—REQUEST FOR PERMISSION

Question No. 93—**Mr. Thomson:**

1. Did the Humble Oil Company or the United States Government request permission from the Canadian Government to send the *Manhattan* through the North West passage and, if so, on what date was the request made, by whom and in what way?

2. Would the government be prepared to make public a copy or text of the request?

[Mr. Benson.]

3. On what dates were meetings held between Canadian public officials and the sponsors of the *Manhattan* project?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. The Canadian Government, through its various departments, has been in constant communication with the United States Government and the Humble Oil Company with respect to the voyage of the *Manhattan* through the Northwest passage. The sponsoring oil companies and the United States Coast Guard consulted with appropriate Canadian authorities in the planning of the operation, and the voyage took place with the concurrence and the participation of the Canadian Government.

2. No.

3. As the meetings were held on a continuous basis and a great deal of the discussions took place by telephone it is not possible to state the actual dates when meetings were held on this topic.

NEWFOUNDLAND—CNR PASSENGER SERVICE EMPLOYEES

Question No. 106—**Mr. Marshall:**

1. What are the names of all employees of the CNR in Newfoundland who were employed in association with Rail Passenger Service?

2. What was their official job classification and rate of pay before discontinuance of the Passenger Service and their present classification and rate of pay?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1 and 2. The Management of Canadian National Railways advises that it is not the practice to disclose information from employee's personal records.

CANADIAN NATIONAL TELECOMMUNICATIONS MICROWAVE PROGRAM

Question No. 122—**Mr. Orlikow:**

1. Has Canadian National Telecommunications System commenced work on a $3 million microwave program augmenting existing communications facilites in the Yukon and Northwest Territories and, if so, when did this project commence, and when is it anticipated that it will be completed?

2. Were any specific studies undertaken as a basis for the above expansion plan and, if not, on what criteria was the microwave expansion based?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways

advises as follows: 1. Yes, commenced in July 1969, expected to be completed late 1970.

2. Yes, studies were undertaken on a number of alternative arrangements to expand facilities to the Mackenzie Delta Area, including the use of satellite communications. The plan selected involves the extension of the Company's present radio facilities in the Yukon and will provide the facilities at an earlier date and more economically than any of the other alternatives considered.

BUYERS OF CANADA SAVINGS BONDS

Question No. 156—**Mr. Saltsman:**

For the period 1958 to 1968, what is the breakdown for each issue of Canada Savings Bonds by buyer, i.e., individual, corporation, financial institution, etc.?

Hon. E. J. Benson (Minister of Finance): Only resident Canadian individuals were eligible to purchase the 1958 Series of Canada Savings Bonds.

For Series 1959 through Centennial and for the Special Replacement Series, dated May 1, 1968, eligibility was broadened to include purchases registered in the name of the estate of a deceased person, or in the name(s) of the legally constituted executor(s) or trustee(s) under the will of a deceased person or in the name of the administrator of the estate of a deceased person. No breakdown of sales by class of buyer is available for these series.

Eligibility was further expanded for the 1967-68 and the 1968-69 Series of Canada Savings Bonds to include corporations, businesses, churches, endowments, trusts, clubs, charities, fraternal and other associations resident in Canada. Corporate purchases amounted to $40,631,000 out of a total sale of $1,526,-305,000 for the 1967-68 Series and to $61,874,000 out of a total sale of $3,366,762,-000 for the 1968-69 Series. The amount of Canada Savings Bonds purchased by financial institutions is included with corporate sales and no separate classification is available.

For the 1969-70 Canada Savings Bonds issue presently on sale, the eligibility was modified in such a way that only individuals, estates of deceased persons, trusts established for or on behalf of one or more individuals, religious institutions, charitable organizations and other non-profit making associations might buy Canada Savings Bonds, provided they were bona fide Canadian residents.

SIDE-VIEW MIRRORS—MOTOR VEHICLE SAFETY STANDARDS

Question No. 188—**Mr. Mather:**

1. What motor vehicle safety standards have been set for convex side-view mirrors?

2. Is legal action being considered, similar to that announced by the U.S. Government in respect to Fiat motor cars, to enforce safety standards in this area?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. The standard in Canada is CGSB No. 97-GP-111: Rearview Mirrors; Passenger Cars and Multipurpose Passenger Vehicles.

2. No legal action can be taken pursuant to the requirements of Standard 97-GP-111 until the requirement is made mandatory by Bill C-137.

RAILWAY CROSSING—SIGNAL DEVICES

Question No. 214—**Mr. Mather:**

1. How many public highway railway grade crossings in Canada have protection devices warning motorists of the approach of a train?

2. How many such crossings have just signs to mark the crossing location?

3. What approximate percentage of the crossings without special warning devices are eliminated or improved annually?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. As of December 31, 1968 there are 5,294 crossings where mechanical protection has been installed or Orders have been issued directing installation of protection.

2. There are 26,186 crossings equipped with only standard or reflectorized crossing signs.

3. Approximately 2 per cent of the unprotected crossings are eliminated or improved annually.

DEPARTMENT OF TRANSPORT—RESEARCH STUDIES

Question No. 223—**Mr. Peters:**

1. For the fiscal years 1968-69, 1969-70, what specific research studies have been undertaken by the Transportation Policy and Research Branch of the Department of Transport?

2. Who are the individuals involved in these studies, and when is it anticipated that these studies will be completed?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1 and 2. If by specific research studies is meant research studies undertaken by consultants the following studies have been undertaken:

Fiscal Year	Study	Name of Consultant	Estimated completion Date
1968-69	Appraisal of economic effects of providing a fixed crossing of Northumberland Strait between P.E.I. and Mainland	Stanford Research Institute	Completed
1968-69	Study extent of truck handled goods included in Maritime Freight Rates calculations of the CNR.	Touche, Ross Bailey & Smart	Completed
1968-69	Evaluation of the efficiency of Canadian Urban Transportation	N.D. Lea Associates	Completed
1968-69	Montreal Airport peripheral land development study	Kates, Peat, Marwick & Co.	Completed
1968-69	Transportation study of Port of Churchill	Hedlin Menzies & Associates	Completed
1968-69	Yukon Aerial Reconnaissance	Canadian National Railways	Completed
1968-69	Evaluate future role of railways in development of resources in Canadian Northwest	Hedlin Menzies & Associates	
1969-70	Meteorological Methodology Studies	Dr. M. Inagaki	November 1970
1969-70	Oshawa Airport Benefit Cost Analysis Study	Prof. R. W. Crowley	December 1969
1969-70	Study related to transportation problems in the Gaspe Peninsula	Lyse Burgess	Completed
1969-70	Study to examine equipment and methods of working Prince Edward Island Ferry Service	Leif Steineger	Completed
1969-70	A study to forecast future demand for aviation services in the Atlantic Provinces	Professors A. M. Stevens and F. R. Wilson	January 1970

DEPARTMENT OF TRANSPORT—INVESTIGATION REGARDING FISHING OPERATIONS BY UNITED STATES SPORTSMEN

Question No. 229—**Mr. Peters:**

1. Did the Department of Transport undertake an investigation recently regarding the operations of United States tourist operators and sportsmen in flying to isolated Canadian lakes and bringing back across the border over-the-limit fish harvests?

2. If so, what were the results of this investigation, and what action is forthcoming from the Department of Transport?

[Mr. Loiselle.]

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. No.

2. See answer to part 1.

FEDERAL BUILDING, LA SARRE

Question No. 287—**Mr. Laprise:**

1. Since the beginning of 1969, how many times has the Department of Public Works called for tenders for alterations to the federal building in La Sarre?

2. How many of these calls for tenders were cancelled, and for what reasons and who were the tenderers?

3. Which were accepted, who were the tenderers, what was the amount of each tender, and to whom were the contract or contracts awarded?

Hon. Arthur Laing (Minister of Public Works): 1. Five.

2. Five: February 12, 1969 Tender Call—General modifications to Post Office. Contract awarded on February 28, 1969 to Les Entreprises Pionnier Ltée for $9,700. Due to the contractor's lack of action and delay, his contract was withdrawn by the District Office on April 21, 1969, under terms of Clause 17 of the General Conditions of D.P.W. Form 353. Tenderers: Les Entreprises Pionnier Ltée., Forget & Plouffe, Constructions Filiatrault, Jolicoeur et Ste-Croix Ltée., Adélard Pelletier Inc.

April 30, 1969 Tender Call—Modifications to Canada Manpower Centre and new fire escape. No contract awarded because bids were too high. Tenderers: Constructions Filiatrault, Les Constructions St-Amant Inc., Transit Construction Ltée.

August 13, 1969 Tender Call—General Modifications to Federal Building, Phase A. Tender call cancelled because the bids obtained exceeded the funds available for this project. Tenderers: Adélard Pelletier Inc., Les Entreprises Honel Inc.

September 17, 1969 Tender Call—General Modifications to Post Office, Phase B. Tender call cancelled when lower bidder, Jolicoeur & Ste-Croix Ltée., disqualified because of lack of security deposit and second bid was considered too high in comparison to the departmental estimate. Tenderers: Jolicoeur et Ste-Croix Ltée., Adélard Pelletier Inc.

October 8, 1969, Second Tender Call, Phase A (See August 13 above) Cancelled because bids were too high. It is now proposed to combine Phases A and B and call new tenders. Tenderers: Jolicoeur et Ste-Croix Ltée., Adélard Pelletier Inc., J. A. Albert Jean Cie Ltée., Transit Construction Ltée.

3. None.

RAILWAY COMMUTER SERVICES, MONTREAL

Question No. 299—**Mr. Danson:**

What has been the amount of profit or loss on the railway passenger commuter services to Montreal?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows: Canadian National has reported a loss for the year 1968 of $1,704,473 under section 314J (9). Canadian Pacific has not reported under this section.

CLOSING OF RAILWAY STATIONS

Question No. 307—**Mr. Comeau:**

1. How many railway stations have been closed in Canada in the past three years?

2. How many have been closed in the Province of Nova Scotia and where were these stations situated?

3. How many railway stations are scheduled to be closed in Canada, and where are these situated?

4. Is it the intention of the government, through the C.T.C. to accept the removal of railway services between Halifax and Yarmouth?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows: 1. Applications were approved involving the removal of 790 Agents or Caretakers since January 1, 1966, the most of which resulted from the introduction of Customer Service Centres and Master Agency Plans.

Provincially these were situated as follows: Newfoundland, 4; Nova Scotia, 13; Prince Edward Island, 7; New Brunswick, 17; Quebec, 100; Ontario, 234; Manitoba, 23; Saskatchewan, 153; Alberta, 207; British Columbia, 32.

2. Agents or Caretakers were removed from twelve stations during the same period, namely at: Mount Uniacke, Judique, Port Hastings, Port Mouton, McIntyres Lake, Merigomish, Stewiacke, Mabou, Clarksville, Iona, Heatherton, Debert.

3. While the Canadian Transport Commission is unaware of any schedule for the closing of railway stations, it has presently before it applications requesting authority to remove agents or caretakers from 378 stations in Canada, the majority of which result from proposals to implement Customer Service Centres and Master Agency Plans. Provincially they are situated as follows: Nova Scotia 9, New Brunswick 1, Quebec 116, Ontario 81, Manitoba 2, Saskatchewan 149, Alberta 1, British Columbia 19.

4. Dominion Atlantic Railway operate a daily passenger train in each direction between Halifax and Yarmouth with an additional train in each direction on week-ends in respect of which the Canadian Transport Commission has received an application which will be dealt with in accordance with the provisions of the National Transportation Act and the Railway Act governing the discontinuance of passenger train service.

Questions

ADDITIONAL CHRISTMAS STAFF, POST OFFICE DEPARTMENT

Question No. 330—**Mr. Coates:**

1. What was the total additional help required by the Post Office during the Christmas rush in 1968?

2. What is the anticipated additional help required for the Post Office Department for the Christmas rush during the present year?

3. What will be the method used by the Post Office Department in selecting the additional staff that will be required during the Christmas period?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. 59,784.

2. 64,000.

3. The method of selection of Christmas help is similar to that used for the selection of all other persons appointed under the Public Service Employment Act and Regulations. Sections 10, 12 and 13 to 20 of the Act apply and Sections 4, 7, 8, 9, 10 and 15 to 26 of the Regulations apply. Appointment is by merit subject to statutory preferences for veterans, citizens and local residents. Applications for Christmas employment in Post Offices are received directly and through Canada Manpower Centres.

UNEMPLOYMENT INSURANCE BENEFIT APPLICATIONS, SUDBURY

Question No. 338—**Mr. Serré:**

1. How many applications for unemployment insurance benefits were received by the Sudbury office during the months of July, August, September, October 1968 and 1969?

2. How many applications were rejected?

3. What was the amount of money paid during each of the same months?

Hon. Bryce Mackasey (Minister of Labour): 1. The following are the initial applications for unemployment insurance benefit received by the Sudbury office during the months in question:

	1968	1969
July	597	2242
August	538	1350
September	565	1522
October	724	1287

2. The number of claims not established by reason of insufficient contributions in the qualifying period were:

	1968	1969
July	105	463
August	95	412
September	151	453
October	200	354

3. The amount of unemployment insurance benefit paid through the Sudbury office during each of the months in question was:

	1968	1969
	$	$
July	134,854	249,119
August	187,541	452,081
September	226,585	594,910
October	210,024	692,629

SALARY AND WAGE INCREASES, ST. LAWRENCE SEAWAY AUTHORITY

Question No. 349—**Mr. Lambert (Edmonton West):**

1. What was the date of the last general salary and wage increase granted to all major separate categories of the St. Lawrence Seaway Authority employees prior to April 1, 1963, its effective date, and what was the percentage increase?

2. From April 1, 1963 to date, what have been the dates, (both of publication and coming into force) of any general salary and wage increase for all major separate categories of the St. Lawrence Seaway Authority employees and what was the average percentage increase for each such increase?

3. What cumulative average percentage increase does the salary and wage level of the St. Lawrence Seaway Authority employees as at present date reflect when compared to the relative salary and wage level of April 1, 1963?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The St. Lawrence Seaway Authority advise as follows: 1. The date of the last general wage increase granted to the St. Lawrence Seaway Bargaining Unit employees prior to April 1, 1963, was January 1, 1963, and the percentage increase was 5 per cent.

The dates and percentage increases of the last general salary increase granted to the St. Lawrence Seaway excluded employees prior to April 1, 1963, were as follows:

Employee Category	Increase Date	Percentage Increase
Professional	July 1, 1961	5.7%
Administrative and Senior Technical	October 1, 1961	5.2%
Clerical and Junior Technical	October 1, 1961	5.2%

2. From April 1, 1963, to date, the dates of publication and coming into force of general salary and wage increases for all major separate categories of the St. Lawrence Seaway employees and the average percentage increases were as shown in the Table which follows:

Employee Category	Dates Publication	Coming Into Force	Authority Percentage Increase
Bargaining Unit Employees	May 8, 1964	Jan. 1, 1964	3.5%
	May 8, 1965	Jan. 1, 1965	3.5%
	Aug. 4, 1966	Jan. 1, 1966	20.0%
	Aug. 4, 1966	Jan. 1, 1967	8.0%
	July 17, 1968	Jan. 1, 1968	7.0%
	July 17, 1968	Jan. 1, 1969	6.5%
Excluded Employees Professional	Apr. 1, 1964	July 1, 1963	3.9%
	Dec. 15, 1965	July 1, 1965	6.5%
	July 7, 1966	Jan. 1, 1966	12.6%
	Dec. 21, 1966	July 1, 1966	4.0%
	June 30, 1967	July 1, 1967	4.0%
	June 28, 1968	July 1, 1968	6.0%
	Aug. 20, 1969	July 1, 1969	7.0%
Administrative and Senior Technical	Aug. 21, 1964	Oct. 1, 1963	3.7%
	Dec. 15, 1965	July 1, 1965	5.2%
	July 7, 1966	Jan. 1, 1966	14.0%
	Dec. 21, 1966	July 1, 1966	4.0%
	June 30, 1967	July 1, 1967	4.0%
	June 28, 1968	July 1, 1968	6.0%
	Aug. 20, 1969	July 1, 1969	7.0%
Clerical and Junior Technical	Aug. 21, 1964	Oct. 1, 1963	3.7%
	Dec. 19, 1965	Oct. 1, 1965	5.2%
	July 7, 1966	Jan. 1, 1966	14.0%
	Dec. 21, 1966	July 1, 1966	4.3%
	June 30, 1967	July 1, 1967	6.5%
	June 28, 1968	July 1, 1968	6.0%
	Aug. 20, 1969	July 1, 1969	8.0%

3. When compared to the relative salary and wage level of April 1, 1963, the present salary and wage level of the St. Lawrence Seaway Authority employees reflects the following cumulative average percentage increase:

Employee Category	Cumulative Average Percentage Increase
Bargaining Unit Employees	58.0%
Excluded Employees:	
Professional	53.0%
Administrative and Senior Technical	52.5%
Clerical and Junior Technical	58.0%

RAILWAY LINE, MATAGAMI TO HUDSON BAY

Question No. 363—**Mr. Laprise:**

Have studies been undertaken with a view to the construction of a CNR branch line from Matagami to Hudson Bay, and (a) if so, when did such studies begin (b) if not, is the CNR planning to undertake such studies?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advises as follows: No. (a) Not applicable; (b) No.

SPRAYING OF RIGHTS-OF-WAY BY CNR

Question No. 373—**Mr. Howard (Skeena):**

Does Canadian National Railways, either directly or indirectly, engage in a program of spraying chemicals or other fluids or substances along its rights-of-way and, if so, what chemicals, fluids or substances are used and for what purposes?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advises as follows: Yes, in order to keep the track and ballast area free of weeds and control the growth of brush within the right-of-way.

Questions

Chemicals used are normally of the soil sterilant type, such as Hyvar-ex, Karmex, Simazine, Atrazine and a 50-50 mixture of 2-4-D and 2-4-5-T.

RATE PAID CNR SUPERNUMERARY EMPLOYEES

Question No. 377—**Mr. Matte:**

What rate is paid to supernumerary employees of the Canadian National Railways (a) in Ontario (b) in Quebec, and is time-and-a-half paid after 45 hours in these provinces?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advises as follows: As there is no designated position of "supernumerary" employee in the railway, the following reply is based on the assumption the question relates to extra gang labourers.

Pursuant to the collective agreement with the labour organization concerned the current rate of pay for these employees across Canada, after a probationary period of seventy-eight days, is $1.889 per hour increasing to $1.979 per hour after 156 days of service. There is no fixed rate of pay during the probationary period, however, employees generally average $1.75 per hour. Effective January 1st, 1970, these rates will be increased by 6½ per cent.

The agreement also provides for these employees to work up to nine hours per day six days a week at straight time rates of pay. During the probationary period all overtime is worked at straight time, thereafter, overtime at time and a half is only paid after nine hours in any one day and for service on Sundays.

RENOVATION OF FEDERAL BUILDING, AMHERST, N.S.

Question No. 378—**Mr. Coates:**

1. On what date will tenders be called again for the renovation of the federal building which contains the post office at Amherst, Nova Scotia?

2. On what date does the government estimate a start will be made on the proposed renovations?

Hon. Arthur Laing (Minister of Public Works): 1. The date for the recall of tenders has not been established due to further changes in the space requirements of one of the client departments.

2. Answered by Part 1.

CONSTRUCTION OF FEDERAL BUILDING, AMHERST, N.S.

Question No. 379—**Mr. Coates:**

1. On what dates will tenders be called and close for the construction of a new federal building at Amherst, Nova Scotia?

2. On what date will the project be completed?

[Mr. Loiselle.]

Hon. Arthur Laing (Minister of Public Works): 1. Dates for the calling and closing of tenders for the construction of a new federal building at Amherst, N.S. have not been established, due to further changes in the space requirements of one of the client departments.

2. The completion date has not been determined.

PUBLIC WORKS OUTSIDE CONSULTANT STUDIES

Question No. 399—**Mr. Skoberg:**

What verbal agreement was negotiated on consultant fees between the Government of Canada and the Royal Architectural Institute of Canada and Provincial Associations of the Professional Engineers of Canada as mentioned in the reply to Question No. 1256, Tabled on May 14, 1969?

Hon. Arthur Laing (Minister of Public Works): Fees for architectural consultants are paid at a standard rate across Canada based on a schedule approved by Treasury Board on April 28, 1960, and as a result of representations made by the Royal Architectural Institute of Canada. Fees for Engineering consultant services are based on the standard provincial tariff for fees established for such services by the provincial associations of Professional Engineers in the province in which the project is located.

REQUESTS TO CHARTER AIR CANADA PLANES BY FRANCE-QUEBEC OFFICE

Question No. 432—**Mr. Fortin:**

Did Air Canada receive requests for information from the France-Quebec Office regarding the chartering of a number of aircraft and, if so, were these requests answered and, if not, for what reason?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: Various discussions with L'Office Franco-québécois pour la Jeunesse regarding the carriage of passengers betwen Quebec and Paris have been carried on since 1968. Air Canada is actively engaged in negotiations with this organization for traffic moving under its auspices in 1970.

STABLE TRANS-ATLANTIC AIR FARES

Question No. 435—**Mr. Crouse:**

Has the government reached any agreement with members of the International Air Transport Association concerning a stable price on trans-Atlantic air fares and, if so, what decision was reached on group excursion fares, as well as on individual fares, for 14 and 21 day periods?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Canadian

Transport Commission advises as follows: The airlines, members of the International Air Transport Association, have been meeting in Caracas in an attempt to reach agreement between themselves on the North Atlantic fare structure. Governments do not participate in these meetings. If agreement is reached between the airlines then such agreement is subject to approval by the governments concerned.

AIR CANADA GROUP TRAVEL WITHIN CANADA

Question No. 446—**Mr. Orlikow:**

Is Air Canada giving consideration to implementing group travel at reduced rates across Canada in the same way that it is proposing reduced rates for groups to Europe so that Canadians will be given the opportunity to see Canada first?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: The domestic market in Canada for group travel is quite different from that on the North Atlantic. On the Atlantic a through journey of several hundreds or thousands of miles is involved in every case; within Canada, Air Canada passengers make a multiplicity of trips involving short, medium and long journeys between a multiplicity of points. A substantial demand for large group movements on the Atlantic has emerged and the new Air Canada fare proposals are designed to cater to this demand. In Canada, the nature of the travel as described above does not lend itself in the same fashion to large group movements and no major demand of the type experienced on the Atlantic has emerged. However, the present Air Canada domestic tariffs already provide discounts for groups of 15 to 30 and for groups of 30 or more and the airline is re-evaluating the potential market for discount rates for larger groups as well in respect to the Canadian domestic vacation market.

CURRENCY IN CIRCULATION

Question No. 451—**Mr. Matte:**

1. What is the amount of currency in circulation in Canada?

2. At present what is the amount of money loaned by the banks in Canada?

3. On what basis does the Bank of Canada place money in circulation in Canada (a) gold and, if so, in what proportion (b) production and, if so, in what proportion?

Hon. E. J. Benson (Minister of Finance): 1. As of October 29, 1969: Bank of Canada notes held by the public, $2,677 million; Coin held by the public, $423 million; Total currency in circulation, $3,100 million. In addition the chartered banks held as of October 29, 1969: Bank of Canada notes, $580 million; Coin, $50 million.

2. On October 29, 1969 the total outstanding loans of the chartered banks in Canadian currency amounted to $18,902 million. The components of this total are as follows:

	(Millions of dollars)
Day-to-day and call loans	$ 564
General loans to businesses and persons	14,808
Loans to provinces and municipalities	833
Loans to grain dealers and the Canadian Wheat Board	1,119
Loans to instalment finance companies	283
Canada Savings Bond loans	4
Mortgage loans	1,291

Chartered banks also have loans denominated in foreign currency which amounted to $3,663 million on September 30, 1969.

3. Money in circulation in Canada is not linked in any fixed way to a) gold or b) production. The proportion of the total money supply which takes the form of currency in circulation is determined by the public's demand for notes and coin. The Bank of Canada's influence on aggregate money supply and on credit conditions is directed to facilitating, so far as possible through monetary action, the growth of production and employment on a sustainable basis.

OTTAWA RAILWAY STATION—
TRACK RELOCATION GRANTS

Question No. 460—**Mr. Thomas (Moncton):**

In the relocation of tracks for the new Ottawa Railway station, was any assistance granted from the Railway Grade Crossing Fund and, if so, what was the amount (a) in dollars (b) as percentage of the total cost?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): The Canadian Transport Commission advises as follows:

No assistance from the Railway Grade Crossing Fund was authorized in the relocation of tracks for the new Ottawa Railway Station.

SINKING OF TUG "EMERALD STRAITS"

Question No. 471—**Mr. Winch:**

1. Is any action contemplated on the finding of His Honour Judge E. J. C. Stewart as Commissioner

investigating the circumstances attending the sinking of the tug *Emerald Straits* to the effect that there were errors in construction, namely that the after engine room door was hinged inboard and that such constituted a danger?

2. Is any action contemplated to implement the eleven recommendations made by the Commissioner and three assessors as a result of their study into the sinking of *Emerald Straits* in Howe Sound, British Columbia, on April 19, 1969 with loss of life?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. This finding is now under active consideration by the Board of Steamship Inspection and it is intended to have discussions with representatives of the owners organization and of unions before final action is taken.

2. Implementation of the eleven recommendations is now being considered by the Board of Steamship Inspection and it is intended to have discussions with representatives of the owners organization and of unions before final action is taken.

COMMISSION ON CANADA SAVINGS BOND SALES

Question No. 488—**Mr. Mather:**

What is the estimated amount of the commission to be paid to the financial institutions of Canada for their services in helping to market the latest Canada Savings Bonds?

Hon. E. J. Benson (Minister of Finance): Approximately $34 million in commissions on sales reported to November 30th will be paid to approved financial institutions for their services in marketing the 1969/70 Series of Canada Savings Bonds. This Series remains on sale and to the extent that additional bonds are sold the amount of commissions paid will increase.

TAKEOVERS OF CANADIAN INDUSTRIES

Question No. 501—**Mr. Robinson:**

1. How many Canadian industries and/or businesses have been taken over by American Corporations in each of the years 1960-1969 inclusive?

2. What was the total value of the takeover?

3. How many American based firms or American subsidiaries operated in Canada during each of the years 1960-1969 inclusive?

4. How many wholly owned Canadian companies have been taken over by (a) American Corporations (b) United Kingdom Corporations (c) French Corporations (d) other, in each of the years 1960-1969 inclusive and what was the value of each?

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Consumer and Corporate Affairs and the Department of Industry, Trade and Commerce as follows: 1. *1960-61, 136; 1962, 54; 1963, 18; 1964, 63; 1965, 56; 1966, 67; 1967, 67; 1968, 139; 1969, 81.

2. Not available.

3. The numbers of corporations which were required to report under the Corporations and Labour Unions Returns Act and in which residents of the United States held a majority interest were tabulated for 1963 and 1965 to 1967. Results are as follows: 1963, 2,553 corporations; 1965, 3,026 corporations; 1966, 3,344 corporations; 1967, 3,703 corporations.

The Act was not in effect in 1960 and 1961; the required data was not tabulated for 1962 and 1964, and the results for 1968 and 1969 are not yet available.

4. *	(a)	(b)	(c)	(d)
1960-61	136	27	3	18
1962	54	16	—	2
1963	18	15	1	1
1964	63	18	1	5
1965	56	13	—	5
1966	67	3	1	3
1967	67	4	1	7
1968	139	8	—	8
1969	81	11	—	10

Value—Not available

*Acquisitions of Canadian businesses, recorded annually by the Office of the Director of Investigation and Research under the Combines Investigation Act from press and other public reports concerning only industries under the jurisdiction of the Act (and excluding firms whose activities do not fall within the scope of the Act).

NEW MONEY ORDER FORM TENDERS

Question No. 526—**Mr. Macquarrie:**

1. Were tenders called for provision of new Money Order forms for use by the Post Office Department and, if so, when were tenders called?

2. What firms submitted tenders and what was the quotation in each case?

3. To whom was the contract awarded?

4. When are the forms to be in general use?

5. For what reason or reasons were the existing forms deemed to be inadequate?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): 1. Yes, November 30, 1967.

2. Suppliers were invited to submit proposals both on a three and five year basis. They were also invited to include in their tender any concept, development and/or technology that was likely to ensure a better form set than detailed in our minimum specifications.

The suppliers bid combinations of form sets designated by number or letter as follows:

Prices Tendered for Supply of Money Order Form Sets
price per thousand (including Federal Sales Tax)

Three Year Contract	$	Five Year Contract	$
Rolph Clark Stone (3.25")	4.463	R. L. Crain—B	4.57
R. L. Crain—B—(3.25")	4.63	Rolph Clark Stone (3.25")	4.692
Rolph Clark Stone (3.25")	4.663	Canadian Bank Note Company	4.7936
Canadian Bank Note Company	5.0176	Rolph Clark Stone (3.4")	4.878
R. L. Crain—D	5.69	R. L. Crain—D	5.62
R. L. Crain—C	5.70	R. L. Crain—C	5.63
R. L. Crain—A	5.93	R. L. Crain—A	5.87
R. L. Crain—A1	6.06	R. L. Crain—A1	5.99
International Business Machines —13A—(3.25")	6.5184	International Business Machines —13A—(3.25")	6.4736
International Business Machines —13A—(3.4")	6.7424	International Business Machines —13A—(3.4")	6.6864
International Business Machines —1—(3.25")	6.7648	International Business Machines —1—(3.25")	6.7088
International Business Machines —1—(3.4")	6.9776	International Business Machines —1—(3.4")	6.9328
International Business Machines —8—(3.25")	7.1456	International Business Machines —8—(3.25")	7.0896
Moore Business Forms—2	7.29	Moore Business Forms—2	7.20
International Business Machines —8—(3.4")	7.3696	International Business Machines —8—(3.4")	7.3136
Moore Business Forms—1	7.72	Moore Business Forms—1	7.63
Moore Business Forms—4	8.00	Moore Business Forms—4	7.91
Moore Business Forms—7	8.19	Moore Business Forms—7	8.10
Moore Business Forms—6	8.37	Moore Business Forms—6	8.28
Moore Business Forms—3	8.50	Moore Business Forms—3	8.41
Moore Business Forms—9	8.75	Moore Business Forms—9	8.66
Moore Business Forms—8	9.00	Moore Business Forms—8	8.92
Moore Business Forms—5	9.51	Moore Business Forms—5	9.42
Burroughes	10.3936	Burroughes	10.3516
Ditto (Bell & Howell)	11.26	Ditto (Bell & Howell)	12.21
R. L. Crain—E	12.53	R. L. Crain—E	12.36

3. R. L. Crain Ltd., for their "C" sample stock.

4. October 1, 1970.

5. The whole money order system has been redesigned to make use of the most modern equipment available for high volume document processing. The present form did not lend itself to the requirement of the new system and a totally new form had to be designed. Also, the form was redesigned to appear more attractive to the public and provide additional security against counterfeiting or alterations.

Questions

TRAFFIC ACCIDENTS INVOLVING MOTORCYCLES

Question No. 558—**Mr. Mather:**

1. What percentage of motorcycle drivers are involved in traffic accidents?

2. In what age group of motorcyclists does the largest number of accidents occur?

3. What are the comparable figures for car drivers?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The Dominion Bureau of Statistics reports that: 1. No statistical data is collected on the percentage of motorcycle drivers involved in traffic accidents. The number of motorcycle drivers has not been established. However, in 1968 there were 140,287 motorcycles registered in Canada and preliminary figures show that 9,263 motorcycles were involved in accidents.

2. No statistical data is collected on the age group of motorcyclists accounting for the largest number of accidents. However, preliminary figures for 1968 indicate that the greatest number of victims from motorcycle accidents are in the age group of 15-19 years. Excluding Quebec, where comparable figures are not available, the number of motorcycle drivers and passengers killed, according to 1968 preliminary figures are:

Age Group	Drivers	Passengers
0-14	3	0
15-19	54	9
20 & over	42	9
Total	99	18

Additionally in 1968 preliminary figures show the number of motorcycle drivers and motorcycle passengers injured in traffic accidents, excluding Quebec figures which are not shown in this number because they only use two age groups, 16 years and under and 17 years and over, are as follows:

0-14	210	92
15-19	2,223	542
20 & over	1,481	209
Total	3,914	843

3. No statistical data is collected on the percentage of car drivers involved in traffic accidents. This information is complicated by the number of repeaters, that is those drivers who have more than one accident during the year. However, in 1968 there were 6,159,573 passenger cars registered in Canada and preliminary figures on motor vehicle accidents indicate that 740,041 passenger cars were involved in traffic accidents. Figures for 1968 show that the greatest number of drivers killed in motor vehicle accidents are in the age group 20-24 years—320 drivers out of a total of 1,440, excepting the province of Quebec for reasons outlined above. The numbers, by age groups, of drivers killed, with the exception of the Province of Quebec, are as follows:

Age Group	Number of drivers killed
0-14	2
15-19	173
20-24	320
25-34	264
35-44	230
45-54	201
55-64	132
65 & over	113
Not Stated	5
Total	1,440

FISHERIES—PRECAUTIONS AGAINST HARM FROM OIL DRILLING

Question No. 559—**Mr. Comeau:**

1. Is the government taking precautions as recommended by the Fisheries Council to prevent harm to fisheries resulting from oil drilling work?

2. What consideration is the government giving to this recommendation?

3. Is the Department of Fisheries and Forestry supervising the oil drilling operation off the coast of Nova Scotia to ensure that no oil leaks into the water?

Mr. E. F. Whelan (Parliamentary Secretary to Minister of Fisheries and Forestry): 1. Yes.

2. The Department of Fisheries and Forestry has kept close liaison with other involved government departments since oil exploration began off Canadian shores to ensure that effective control is exercised. Drilling proposals and procedures on Pacific and Atlantic continental shelf areas have been rigorously regulated by the Resource Administration Division of the Department of Energy, Mines and Resources who maintain an expert office and field staff for the purpose. Similarly, the Department of Fisheries and Forestry will continue existing liaison with the Department of Indian Affairs and Northern Development with respect to drilling operations off the Northwest Territories.

The Department of Fisheries and Forestry continues to work closely with Department of Transport on the control of oil pollution from ships, and is also active on committees responsible for planning to deal with large oil spills in Canadian waters.

3. No.

POST OFFICE REVENUE

Question No. 561—**Mr. Comeau:**

How is the post office revenue for a particular post office calculated?

Hon. Eric W. Kierans (Postmaster General and Minister of Communications): By aggregating all the postage revenue produced through postage sales. Non-postage revenue such as fees from the sale of money orders or the rental of lock boxes is not included.

LIGHTSHIPS

Question No. 563—**Mr. Comeau:**

1. How many lightships in Canada are operative and provide navigational aids to fishermen?

2. If any, where are these located and what was the cost of operating each for the years 1967 and 1968?

3. What was the cost of operating the lightship *Lurcher* for the years 1967 and 1968?

4. What was the extent of service provided by this lightship?

5. How many men were employed on the lightship *Lurcher*?

6. Where have these men been placed?

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): 1. None.

2. See answer to 1 and 3.

3. Operating costs of the *Lurcher* lightship for 1967-68 were $153,410 and for 1968-69, $150,375.

4. (a) Exhibited a flashing light. (b) Operated a fog signal in reduced visibility. (c) Transmitted radiobeacon signals. (d) Transmitted meteorological data.

5. (20).

6. All have been offered alternative employment within the Department of Transport. Many have accepted and others are at present giving the matter consideration.

FOREIGN DIPLOMATS IMMUNITY FROM CRIMINAL CHARGES

Question No. 588—**Mr. Howard (Okanagan Boundary):**

To date in 1969, did any foreign diplomats escape charges, normally considered criminal, through diplomatic immunity and, if so, how many such incidents have there been?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Departmental records show that there has been only one case during the period January 1-December 2, 1969 where diplomatic immunity was invoked to avoid a charge normally considered criminal. In three other cases of which the Department was informed charges were not laid because the person involved obviously possessed diplomatic status.

CANADA-U.S. RECIPROCAL TAX CONVENTION AND AMERICAN TEACHERS

Question No. 589—**Mr. Lambert (Edmonton West):**

1. Has the Minister of Finance given consideration to negotiating with the Government of the United States the abrogation of Article VIII A of the Canada-U.S. Reciprocal Tax Convention insofar as American teachers and profesors are permitted to work professionally in Canada for a period of up to 24 months free of Canadian income tax and has any decision been reached?

2. Have studies been made to compare the financial positions of such persons vis-à-vis their Canadian counterparts (with similar qualifications) in similar jobs in Canada and with what result?

Hon. E. J. Benson (Minister of Finance): 1 and 2. The proposals for tax reform recently made public by the government in a White Paper include a statement in paragraph 26 of chapter 2 that the government intends to remove on a reciprocal basis the exemption for visiting teachers and professors now provided in tax treaties and to tax such persons like others.

ROYAL COMMISSION ON BILINGUALISM AND BICULTURALISM

Question No. 632—**Mr. Coates:**

1. What has been the cost to date of the Royal Commission on Bilingualism and Biculturalism and what will be the final estimated cost and on what date will the Commission complete its work?

2. What are the names of all the persons who have been appointed to the Commission and how much has each received in honoraria and expenses?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): 1. The cost as of December 2, 1969 is $8,376,120.91. The final estimated cost will be $8,900,000. We are informed by the Commission that it is anticipated that their activities will cease in the late summer of 1970.

2. Names	Honoraria	Travel
Mr. C. Cormier	$ 40,250.00	$ 15,207.69
Mr. A. D. Dunton	67,150.00	4,256.08
Mr. R. Frith	90,550.00	26,043.84
Mr. J.-L. Gagnon	121,250.00	25,349.25
Mrs. G. Laing	55,100.00	34,244.90
Mr. P. Lacoste	30,150.00	3,570.30
Mr. A. Laurendeau	105,200.00	19,102.35
Mr. J. Marchand	14,450.00	5,215.03
Mr. J. Rudnyckyj	52,150.00	21,814.90
Mr. F. R. Scott	45,300.00	9,570.74
Mr. P. Wyczynski	54,200.00	4,000.66
Mr. A. Raynauld	18,050.00	701.95
	$693,800.00	$169,077.69
Total	$863,552.59	

Questions

ENFRANCHISEMENT APPLICATIONS BY INDIANS

Question No. 641—**Mr. Sulatycky:**

How many treaty or registered Indians applied for enfranchisement in each of the last ten years?

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): 1959-60, 234; 1960-61, 205; 1961-62, 185; 1962-63, 152; 1963-64, 86; 1964-65, 77; 1965-66, 80; 1966-67, 54; 1967-68, 98; 1968-69, 99.

CIVIL SERVICE APPLICATION FORM QUESTION NO. 16

Question No. 642—**Mr. Broadbent:**

1. What is the purpose of Question Numbered 16 on the federal government's civil service application form regarding "dates, countries visited and purpose of travels made to any communist-dominated areas since July 1, 1945"?

2. What specific countries are included in "communist-dominated areas"?

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): 1 and 2. The question referred to does not appear in any federal public service application form. It appears in the Personal History Form completed by persons being assigned to duties which will require them to have access to classified information. The completed form is used as a basis for further investigation to determine the loyalty and reliability of the person concerned. The purpose of Question 16 is to establish the reasons for unofficial travel to communist-dominated countries or areas. As these change from time to time, and as the countries and areas are well-known to the public, it is not necessary to specify what they are.

GOVERNMENT ADVERTISING POLICIES AND PROCEDURES

Question No. 655—**Mr. Mather:**

1. Is the President of the Treasury Board chairing a committee which is reviewing government advertising policies and procedures?

2. When can a statement on these matters be expected?

Hon. C. M. Drury (President of the Treasury Board): 1. No.

2. The government is reviewing the recommendations of the Task Force on Information and an appropriate statement will be made in due course.

[Mr. Walker.]

PUBLICATION DATE OF MENTAL HEALTH STATISTICS

Question No. 667—**Mr. Fairweather:**

What is the anticipated publication date of Mental Health Statistics, Volumes I and II for which statistics were gathered in 1966?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): The 1966 Mental Health Statistics, Volume I, will be published in February, 1970. Volume II is expected to be published in July or August, 1970.

*SURVEILLANCE OF QUEBEC MINISTERS TRAVELLING ABROAD

Question No. 675—**Mr. Ricard:**

Does the Secretary of State for External Affairs have the Department security services exercise close surveillance on trips made by Ministers of the Government of the Province of Quebec to foreign countries and, if so, for what reasons?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the answer to the question is no.

EQUIPMENT OF CANADIAN RECONNAISSANCE PLANES SERVING NATO

Question No. 684—**Mr. Dinsdale:**

1. Are Canadian reconnaissance planes in service with NATO equipped with armament of any kind?

2. Do they have equipment such as infra-red ray to carry out reconnaissance at night, or in overcast weather?

3. What is the essential role of these planes?

Hon. Léo Cadieux (Minister of National Defence): 1. No. However, they are capable of carrying both nuclear and conventional weapons.

2. No.

3. Photographic reconnaissance in day visual conditions.

QUESTION PASSED AS ORDER FOR RETURN

AMERICAN AND CANADIAN PROGRAMS ON CTV

Question No. 39—**Mr. Benjamin:**

1. For the years 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968 and 1969, which American-produced series were carried by the private network CTV?

2. For the same above years, which Canadian-produced series were carried by the CTV network?

3. For the same above years, which series were carried by the CTV network during the prime viewing times of 7 p.m. to 11 p.m.?

Return tabled.

MOTION TO ADJOURN UNDER S.O. 26

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I move, seconded by the hon. member for Peace River (Mr. Baldwin), the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the proposed termination of all air transport services in Canada as a result of the impending strike of the air traffic controllers.

Mr. Speaker, I believe the urgency of the subject and of the debate are too apparent for me to need to elaborate or emphasize.

Mr. Speaker: The Leader of the Opposition has given the Chair the notice required under the Standing Order and since then I have given extensive and most serious consideration to the advisability of making a positive, affirmative response to the proposition of the Leader of the Opposition. I should say that I am disposed to grant the motion of the Leader of the Opposition. The difficulty I have is to determine when the debate should be had.

As hon. members know, there is a discretion left to the Chair in determining when the debate should be had, and there are a number of considerations that have to be taken into account by the Chair in making such a determination. I, of course, have to take into account first and foremost the very substance of the matter raised by the member who has proposed the motion, and it is obvious that the matter is one of such urgency that it should be debated at the first opportunity. At the same time, I gather that when the subject matter of the debate relates to negotiations which are still pending there may be factors which would militate in favour of having a slight postponement of the debate itself, subject to the decision of the Chair. The Chair must also take into consideration the legislative program which is before the House when such motions are made.

Without setting a precedent I would like to suggest, after much thought, that perhaps the time to have this debate would be this afternoon, possibly at five o'clock, but I would not like to make a ruling to this effect without hearing from the House Leaders 30 brief words as to what their thoughts are on the subject, after which I will make a definite ruling as to when the debate should be had. My suggestion is that it should be at five o'clock this afternoon. After having heard the House Leaders for one moment, I will make a ruling.

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I am advised by my colleagues, the President of the Treasury Board (Mr. Drury) and the Minister of Transport (Mr. Jamieson), that negotiations are still under way at the present time between the representatives of the government and the representatives of the union. From that I think it would be obvious that not only would a debate perhaps not be useful this afternoon at five o'clock about a subject that is still under negotiation but, indeed, that a debate at this time could adversely affect the favourable outcome of the negotiations.

An hon. Member: Oh, oh!

Mr. Macdonald (Rosedale): I do not know whether that is the intent of the hon. member. On that basis I would suggest, Mr. Speaker, that perhaps it would be more appropriate if you could exercise your discretion under Standing Order 26(9) and set the debate for tomorrow evening at 8 p.m.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, unless there is a capacity on the part of the government at this time or later this afternoon to assure the House that the very important negotiations now proceeding have got to the stage where a debate at this time would not prevent a settlement of the strike from taking place, it is our view that a solid and determined statement proceeding from this House through a debate at this time might well have the effect of bringing to a conclusion the threat of this strike which is potentially so dangerous and would have such a drastic effect upon the people of Canada.

• (2:20 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, obviously there are considerations both ways with respect to this matter. But it seems to me that in view of what the Government House Leader has said we are in the position that unless there are some negotiations it is impossible to hold the debate at five o'clock because I gather it would require unanimous consent.

I wonder if the Government House Leader is denying unanimous consent and, if that is the case, does it throw the debate over to eight o'clock tonight? In the light of all these considerations, perhaps there could be consultations among the house leaders. We recognize the argument about negotiations being in progress, but now that the matter has been raised it would seem that it should be dealt with at the earliest possible moment. If there is not consent to five o'clock, it looks as though we must have the debate at six, seven or eight o'clock tonight.

I am getting lots of advice, Mr. Speaker, and it has been suggested that if we have to negotiate the matter maybe four o'clock would be even better than five.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, considering the urgency and the seriousness of the situation, I believe that there should be a debate on the matter as soon as possible. As for having this debate at five o'clock, would it not be possible, if the work of the House is expedited fairly rapidly, to have it a little earlier?

[*English*]

Mr. Speaker: Order, please. It is obvious that there is not unanimity; therefore the Chair has to be guided by the rules. The rules do not give the Chair the authority, unless there is unanimous agreement, to set the debate for five o'clock or four o'clock. This would have to be done by agreement between the House Leaders.

I would hope that in the course of the afternoon there might be a meeting of the House Leaders to decide whether we could find a more appropriate time earlier today. However, if there is no unanimity, in view of the representations made by the Conservative House Leader I would think the debate would have to take place at eight o'clock this evening.

Mr. Lewis: On a point of order, Mr. Speaker, I did not understand the government House Leader to refuse his consent. I understood him merely to express a preference. Perhaps he ought to inform the House whether he refuses consent for a debate today.

Mr. Speaker: I accept the suggestion made by the hon. member for York South. Perhaps the Government House Leader would be helpful enough to comment.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Macdonald (Rosedale): Mr. Speaker, my understanding of the Standing Order is that I do not have the right to refuse consent; it is at your discretion when the debate should take place. If hon. members insist that the debate take place this afternoon at five o'clock or four o'clock, I am quite prepared to accept your decision in that regard. I am not refusing anything; I am only making it perfectly clear that negotiations are still under way and it is questionable whether the debate will be of assistance in that regard.

Mr. Speaker: The hon. member well realizes that the consent I was referring to was consent to have the debate at a time other than eight o'clock. The Standing Order does not give discretion to the Speaker to set the debate, when the motion is made on a Wednesday, for any other time than eight o'clock. It is only if there were unanimous agreement by hon. members that I could dispense with that provision.

Some hon. Members: Agreed.

Mr. Speaker: Order, please. Of course hon. members will realize that the Chair, in consultation with his advisers, has spent quite a bit of time considering all aspects of the matter. I was anxious to be very fair to all hon. members in this regard and when I referred to unanimous consent I was referring to the fact that we could not have the debate at any time today other than eight o'clock without the unanimous consent of all hon. members. This is why I suggested, agreement not having been apparent, that the rule provides that the debate take place at eight o'clock. However, I would take the initiative and suggest to the House Leader that they convene. If this is the desire of all hon. members I shall take the initiative, after Routine Proceedings, to call the House Leaders to my office to see whether, in view of the urgency of the matter, we might not have the debate at four o'clock or five o'clock rather than eight o'clock.

Mr. Macdonald (Rosedale): Mr. Speaker, it seems to me that the sensible thing to do from the government's standpoint is to provide an opportunity for the negotiations to continue. I understand they will resume at about 4.30 p.m. On that basis perhaps it may be possible to arrive at some settlement before eight o'clock. It seems to me, therefore, that eight o'clock is the sounder time, given all the circumstances involved.

Mr. Speaker: Order, please. The decision still stands that unless I make a further statement later the debate will be at eight o'clock. Of course I shall still exercise my discretion in order to call the House Leaders to my office later this afternoon in the hope that something may be arranged. I may say that this does not rule out the possibility of my considering, after hearing further from the House Leaders representing the various parties in the House, that it might be better to have the debate tomorrow morning even, or tomorrow afternoon.

MOTIONS FOR PAPERS

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, notices of motions for the productions of papers Nos. 30, 55, 66 and 73 are acceptable to the government.

CONFLICT-OF-INTEREST LEGISLATION

Motion No. 30—**Mr. Knowles (Winnipeg North Centre):**

That an Order of the House do issue for a copy of the report by Professor Jeremy Williams of the University of Alberta on the subject of conflict-of-interest legislation.

Motion agreed to.

"MANHATTAN" PROJECT—DEPARTMENT OF TRANSPORT AND HUMBLE OIL COMPANY

Motion No. 55—**Mr. Thomson:**

That an Order of the House do issue for a copy of all correspondence between the Department of Transport and the Humble Oil Company and its partners in relation to the *Manhattan* project.

Motion agreed to.

CANADA ASSISTANCE PLAN

Motion No. 66—**Mr. Knowles (Winnipeg North Centre):**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all regulations passed under the authority of the Canada Assistance Plan and also for a copy of all agreements made between the Government of Canada and the governments of the provinces under the said act.

Motion agreed to.

Motions for Papers

FOREIGN AID

Motion No. 73—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the Pearson Report on Foreign Aid prepared for the World Bank.

Motion agreed to.

Mr. Groos: Mr. Speaker, notice of motion No. 270 is acceptable to the government subject to the usual reservations concerning confidential documents and authorization of the government authorities concerned.

DUMPING OF MINE TAILINGS, RUPERT INLET

Motion No. 270—**Mr. Rose:**

That an Order of the House do issue for a copy of all correspondence between the Department of Fisheries and Forestry and organizations and groups and individuals regarding the dumping of tailings in Rupert Inlet at the Northern end of Vancouver Island from the copper and molybdenum open pit mine of the Utah Construction and Mining Company Limited.

Motion agreed to.

Mr. Groos: Mr. Speaker, would you be so kind as to call notices of motions Nos. 2, 8, 10, 158, 161, 209, 210, 212, 230, 231, 251, 281 and 286.

I ask, Mr. Speaker, that the remaining notices of motions be allowed to stand.

COMBINES AND ANTI-TRUST LEGISLATION

Motion No. 2—**Mr. Saltsman:**

That an Order of the House do issue for copies of all reports and studies undertaken for the Economic Council of Canada review of Canada's Combines and Anti-trust legislation.

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am informed by the Economic Council of Canada as follows: The review referred to was the second of a series of reports under a general reference from the government on competition policy in Canada. An additional interim report and a final report are still in progress.

It is the policy of the council to make available to the public as much as possible of the analysis underpinning all its work. In this regard the council is currently putting several research studies into a form suitable for publication within the next year and the publication of other studies at a later date is under consideration. I would therefore ask, Mr. Speaker, that this motion be withdrawn.

Motions for Papers

Mr. Saltsman: Mr. Speaker, I want it transferred for debate.

Mr. Speaker: Transferred for debate.

MANPOWER RETRAINING PROGRAMS

Motion No. 8—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the report by the task force in the Department of Manpower and Immigration which recommended a 52-week limit for all federal government manpower retraining programs.

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the papers called for in this motion are internal working documents developed by departmental officers during a meeting in October, 1968, and as such are considered to be confidential. I would therefore hope that the hon. member would consent to withdraw his motion.

Mr. Orlikow: Mr. Speaker, since I do not consider the matter confidential, I ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

COMPETITION POLICY

Motion No. 10—**Mr. Orlikow:**

That an Order of the House do issue for copies of the nearly forty submissions presented to the Economic Council of Canada for its review of Canada's competition policy, as referred to in the Council's report of July 1969 on page 4.

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am informed by the Economic Council of Canada that shortly after receiving a general inquiry from the government on the interest of consumers, competition policy and industrial and intellectual properties, the council solicited briefs from all interested parties on all matters falling under the government's reference. In its interim report the Council referred to nearly 40 briefs it had received at that time under this general reference. Briefs are still being received from organizations and individuals and a complete list will be published in the final report on the reference.

The council did not undertake to publish the briefs and indicated at that time that requests for them would be referred in all cases to the submitting organizations who would decide whether or not to make them public. I would therefore, Mr. Speaker, ask that this motion be withdrawn.

[Mr. Walker.]

Mr. Orlikow: Mr. Speaker, I should like to have the motion transferred for debate.

Mr. Speaker: Transferred for debate.

REORGANIZATION OF RESERVE FORCES

Motion No. 158—**Mr. Lewis:**

That an Order of the House do issue for copies of all correspondence, memoranda, etc., between the Government of Canada and the Conference of Defence Associations regarding the reorganization of Canada's reserve forces.

[*Translation*]

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, as I have told the House on several occasions, I have had successful talks with the Conference of Defence Associations regarding the reorganization of Canada's reserve forces. However, there was not any correspondence with the Conference in that regard. Therefore, I would ask the hon. member for York South to withdraw his motion.

Mr. Lewis: Since there is no correspondence.

Mr. Cadieux (Labelle): There is no motion.

Order discharged and motion withdrawn.

[*English*]

DIRECTIVES RESPECTING DRAFT DODGERS AND DESERTERS

Motion No. 161—**Mr. Lewis:**

That an Order of the House do issue for a copy of the directive or directives of the Department of Manpower and Immigration regarding draftdodgers and military deserters.

[*Translation*]

Mr. Rosaire Gendron (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the papers mentioned in this motion are guidelines for the internal use of the department. They have been sent by the central administration to the staff of the local offices. As they are confidential, it is not customary to make them public and therefore I hope that the hon. member will be so kind as to withdraw his motion.

[*English*]

Mr. Lewis: In my opinion a directive like that is legislation and the public ought to know what it contains. I ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

FINANCIAL MANAGEMENT, AIR TRANSPORT COMMAND

Motion No. 209—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Simpson, Riddell, Stead and Partners on the financial management in Air Transport Command undertaken in 1966 for the Department of National Defence, as mentioned in answer to Question Number 1,323 of the past Session.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Motion stands.

COMMUNITY DEVELOPMENT PROJECTS

Motion No. 210—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Strathmere Associates on a survey of community development projects in all ten provinces, the Northwest and Yukon Territories undertaken in the fiscal year 1965-66 for the Privy Council Office, as mentioned in answer to Question Number 1,323 of the past Session.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Motion stands.

INFORMATION MEDIA AND WAR ON POVERTY

Motion No. 212—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Heward, Newman and Associates and Julian, Hebert and Associates, Montreal, regarding information media relative to the war on poverty undertaken in the year 1967-68, for the Privy Council Office, as mentioned in answer to Question Number 1,323 of the past Session.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Motion stands.

MANPOWER MOBILITY PROGRAM—STUDY OF THOSE RECEIVING GRANTS

Motion No. 230—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Kates, Peat and Marwick, Company, a study of persons and families who have moved and received grants under the Manpower Mobility Program, undertaken for the Department of Manpower and Immigration, in the fiscal year 1967-68, as mentioned in Question Number 1,323 of the past Session.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Motion stands.

MANPOWER AND IMMIGRATION—DESIGN OF MANAGEMENT INFORMATION SYSTEM

Motion No. 231—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Operations Research Industries, a study and recommendation on the design of a management-information system supporting the departmental planning, programming and budgeting system, undertaken for the Department of Manpower and Immigration in the fiscal year 1967-68, as mentioned in answer to Question Number 1,323 of the past Session.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Motion stands.

CABLE TELEVISION INSTALLATION CHARGES

Motion No. 251—**Mr. Orlikow:**

That an Order of the House do issue for copies of all corespondence, etc., between Bell Canada and the Department of Communications regarding cable television installation charges by Bell Canada.

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, on behalf of the Minister of Communications I wish to report the following. The correspondence referred to in the order relates to matters discussed between the government of Canada and a private company. These discussions and the correspondence relating to these were of a confidential nature and it would not be in the public interest to make them public.

I would therefore hope that the hon. member would consent to withdraw this motion.

Mr. Orlikow: Mr. Speaker, obviously those who have to buy services from Bell would not agree with the statement made by the government. I cannot agree with it and I ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

GOVERNMENT OF CANADA AND ATLANTIC REGIONAL DESK

Motion No. 281—**Mr. Comeau:**

That an Order of the House do issue for a copy of all correspondence and/or reports between the Government of Canada and the Atlantic regional desk.

Motions for Papers

Mr. J. E. Walker (Parliamentary Secretary to Prime Minister): Mr. Speaker, the Atlantic regional desk is a division of the Prime Minister's office and communications from it to the Prime Minister are regarded as internal documents and therefore privileged. I would hope the hon. member would therefore agree to withdraw this motion.

Mr. Comeau: Mr. Speaker, since there appears to be no way of finding out about these regional desks, I ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

EXAMINATION OF CANADIAN TRUCKING FIRMS BOOKS BY U.S. AGENCIES

Motion No. 286—**Mr. Barnett:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all arrangements, agreements, etc., between the Government of Canada and the Government of the United States regarding the examination of books of Canadian trucking firms by United States regulatory agencies.

Mr. D. W. Groos (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, the government of Canada does not have any documents with respect to the examination of the records of Canadian companies by United States regulatory agencies, principally because the government of Canada has delegated its responsibility for motor traffic to the provincial highway transport boards. While the government of Canada is aware by hearsay that informal arrangements may have been made between provincial authorities and the United States agencies, there is nothing in our records which would disclose this.

In view of the circumstances, Mr. Speaker, I would therefore ask the hon. member to withdraw his motion.

Mr. Barnett: Mr. Speaker. I hope that early action under part III of the Transportation Act will bring a more positive return. Since there is no correspondence, I will gladly withdraw the motion at this time.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

Mr. Speaker: Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

[Mr. Comeau.]

ORAL QUESTION PERIOD

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Hon. Robert L. Stanfield (Leader of the Opposition): I wish to direct a question to the President of the Treasury Board, Mr. Speaker. I do so in view of the statement that was made that negotiations are to resume at 4.30 in connection with the difficulties regarding the air transport controllers. Has the minister instructed or will he undertake to instruct the government's negotiators to take a generous view toward the question of limiting hours of work? I put this question to the minister in view of the critical responsibility of these men for the safety of air passengers and also in view of the recent statement by the president of the association that the association is willing to compromise on its salary demands if the government is willing to make a proper settlement with regard to hours of work.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I hesitate to make any comments in relation to negotiations currently in progress. They are now in progress elsewhere behind closed doors. In fact the government has, prior to the negotiations and before the conciliation board, recognized the special situation of the air traffic controllers in respect of the difficulties of their work and the necessity for some accommodation in respect of hours of work. This instruction has already been given.

Mr. Stanfield: A supplementary question, Mr. Speaker. I hope in view of the seriousness of the situation that the minister is prepared to make certain that the instructions are adequate in this respect. I ask him also whether, in view of the evidence that the air traffic controllers are subjected to exceptional stress arising from their very responsible work, the government is prepared to undertake a study into the causes of and remedies for the situation. I ask this question with particular reference to the importance of protecting the public who travel by air.

Mr. Drury: Mr. Speaker, such a study has been under way for some months now. Perhaps the Minister of Transport can give details.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, a preliminary study

which forms part of the occupational study should be completed early in the new year. Contacts have been made with United States and European authorities and discussions held with a sample of controllers, 160 of them in fact to date, all of whom had an opportunity to discuss it. The Department of National Health and Welfare has also participated in this study. It is still going on.

Mr. David Lewis (York South): Mr. Speaker, I will deliberately not ask the President of the Treasury Board any details about the negotiations, but I put this question to him. In view of the fact that the negotiations are at their eleventh hour, is the minister not prepared himself to enter into negotiations immediately instead of his officers having to run back and forth between the negotiating table and the minister to get instructions on what to say and what to propose?

Some hon. Members: Hear, hear.

Mr. Drury: No, Mr. Speaker.

Mr. Lewis: A further supplementary question. Everyone knows that in the case of an industry of this sort the airlines have to make some arrangements and these cannot be made at the last minute. This also applies to the travelling public. The minister's presence here is very welcome on occasion, but should he not be there this afternoon? I also ask him, in view of the urgency of these negotiations, whether it is sensible for the negotiations to go on for an hour or so this morning and then not again until 4.30 this afternoon? This is an urgent matter, Mr. Speaker.

Some hon. Members: Hear, hear.

Mr. Drury: Mr. Speaker, as I mentioned a moment ago, negotiations not only took place this morning but are continuing right now. There are matters of considerable technical detail currently under discussion. While I accept that the hon. gentleman is considerably more experienced than I in negotiations, I am prepared to accept the advice of those in whom I have great confidence. In this particular case I think the government is well served by the calibre of negotiators that we have. I am prepared to yield to their advice as to when and how I can most usefully make a contribution.

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. The hon. member for York South has a supplementary. I will recognize him in a moment. I have to remind hon. members that a decision has been taken to have a debate on this very matter later this afternoon. Perhaps we should keep some of the contributions for that debate. This having been said, however, I invite the hon. member for York South to address his supplementary question.

Mr. Lewis: If you will permit me, Mr. Speaker, may I say I understood the meeting was to be at 2.30 but the leader of the House said earlier it was at 4.30. That is how the question arose. I want to ask the President of the Treasury Board whether he is aware that the Air Traffic Controllers Association is miffed by the fact that they are dealing with the same negotiators they have dealt with for more than six months without result. They have asked for the minister to attend, and in the light of that request would he not consider getting into the negotiations without waiting for his officials to tell him when to come?

Mr. Drury: The Air Traffic Controllers Association through its representatives referred to conscientious, loyal and devoted public servants as office boys. I do not really think that this should be the line for the conduct of intelligent collective bargaining in good faith. I repeat that when it appears that I can make a useful contribution—and it might be later this afternoon—I am ready and willing to do so.

Some hon. Members: Hear, hear.

Mr. Stanfield: The question I was about to ask relates to the confusion surrounding the announcement by the leader of the House with regard to negotiations at 4.30. I should like to ask the President of the Treasury Board whether he thinks the remarks he has just made will contribute to productive negotiations.

An hon. Member: Yes.

Mr. Robert McCleave (Halifax-East Hants): My question is directed to the Minister of Labour who has intervened in connection with labour disputes before. Is he or his department in on the current negotiations?

Hon. Bryce Mackasey (Minister of Labour): That question was asked yesterday. Everybody knows that the Minister of Labour has no direct role to play in the relationship between the government and the employees of the government. However, I would take this opportunity to express my full confidence

in the manner in which the President of the Treasury Board has conducted himself so far.

Some hon. Members: Hear, hear.

Mr. Hees: Polishing the apple.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I ask the President of the Treasury Board, in light of his statement about the Air Controllers Association referring to some of his staff as office boys, whether the minister is telling the House that the country is liable to be subjected to an air strike and tremendous inconvenience at this season of the year because the minister takes umbrage at the terminology which has been used?

Some hon. Members: Oh, oh!

[*Translation*]

EXTERNAL AFFAIRS

MIDDLE EAST—WITHDRAWAL OF ISRAELI TROOPS

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to put a question to the Secretary of State for External Affairs.

I should like to ask him whether he agrees with General Burns' statement to the effect that economic pressures should be brought to bear on Israel to get that country to withdraw its troops from the territories it invaded in the Middle East in June 1967, and whether such action would, in his opinion, be of a nature to bring back peace in that part of the world.

Mr. Speaker: I do not think that the hon. member may ask the minister to indicate to the House whether he agrees with a statement made in the circumstances he has mentioned. It would perhaps be better if the question were worded differently.

[*English*]

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS—PROVISION OF GOVERNMENT AIRCRAFT FOR MEMBERS

Mr. Grant Deachman (Vancouver Quadra): I have a question for the Minister of National Defence, Mr. Speaker. Is the minister in a position to advise the House regarding flights home for Members of Parliament on government aircraft in the event of a strike by the air traffic controllers?

Hon. Léo Cadieux (Minister of National Defence): At the request of most hon. members and as is done usually at the time for the Christmas recess, because we do not know exactly when the recess will begin, in consequence of which no reservations can be made—

Mr. Baldwin: You should.

Mr. Cadieux (Labelle): —we have made contingency plans to use DND aircraft to transport members west of Ottawa. However, if there is a strike we shall not, of course, fly this aircraft while the strike is on.

Some hon. Members: Hear, hear.

FINANCE

REPORTED REMOVAL OF QUEEN'S PICTURE FROM BILLS

Right Hon. J. G. Diefenbaker (Prince Albert): My question is directed to the Minister of Finance, Mr. Speaker. It has to do with the revelation brought to light by Montreal *Matin* that approval has been given by the government to the removal of the Queen's picture from all bills except two denominations. Can the minister tell us whether, in view of this shocking revelation, he will make a statement tomorrow before orders of the day so that hon. members may have an opportunity to express themselves concerning a measure which apparently is another step in undermining the monarchy?

Hon. E. J. Benson (Minister of Finance): If I might just have a moment, Mr. Speaker, I could explain the whole matter very quickly.

Mr. Diefenbaker: No. Make a statement on motions so that we can follow you.

Mr. Speaker: Order, please.

Mr. Benson: May I answer the question?

Mr. Speaker: I understood—and this is why the question was in order—that the right hon. gentleman invited the minister to say whether or not he would make a statement in due course. In reply, the minister might indicate whether or not he intends to make a statement.

Mr. Benson: I do not need to make a long statement.

Mr. Diefenbaker: Revert to motions so that we can answer and deal with the subterranean operations.

Mr. Benson: The existing issue of currency came out 15 years ago. The quality of the design—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I apologize to the minister but I understand the question asked was whether he would make a statement. The hon. gentleman has not sought leave of the House to revert to motions. The Chair recognizes the hon. member for Prince Edward-Hastings.

THE CANADIAN ECONOMY

INFLATION—VOLUNTARY RESTRAINTS—INQUIRY AS TO OTHER MEASURES

Hon. George Hees (Prince Edward-Hastings): I should like to address a question to the Prime Minister, Mr. Speaker. As both the consumer price index and the wholesale price index have risen sharply during the past three months, indicating that voluntary restraint has not proven effective in controlling inflation, is it the intention of the government to introduce the other methods to which the Prime Minister referred when he said some time ago that other methods would be used if voluntary restraint did not succeed in controlling inflation?

Right Hon. P. E. Trudeau (Prime Minister): We are just as distressed as is anyone in this House at this continuing rise. We shall take whatever other steps are required when we decide it is time to do so.

Mr. Hees: As one of those other steps, is the Prime Minister considering the calling together of the leaders of industry and labour and conferring with them and, having pointed out the dire results which will accrue to the economy if inflation continues to increase at the same rate as it is today—

Mr. Speaker: Order, please.

Mr. Hees: May I continue my question, please?

Mr. Speaker: Will the hon. member kindly ask his question?

Mr. Hees: Thank you. I shall be through in a moment. Will the Prime Minister consider using the great prestige of his office and his not inconsiderable persuasive powers to persuade management and labour that it is in their own interest as well as the interest of those they represent and of the country as a whole—

Some hon. Members: Speech.

Mr. Hees: —to keep inflation within reasonable bounds—

Mr. Speaker: Order, please. That is not a question. If the hon. member would consult citation 171 of Beauchesne's fourth edition he would see that a question should not be asked in the form of a speech, however short.

Some hon. Members: Hear, hear.

Mr. Speaker: I would assume that it applies, also, to a speech, however long.

AIR TRANSPORT

POSSIBLE STRIKE OF TRAFFIC CONTROLLERS

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I rise on a question of privilege and I do so now at the first available opportunity because I first had to check the record in *Hansard*. A few moments ago I asked the Minister of Labour about the role he or his department might play in respect of the problem respecting air traffic controllers. The hon. gentleman indicated to me that this question was raised yesterday and had been answered. In the intervening minutes I have read the relevant portions of the debate, commencing with the motion by the hon. member for Gander-Twillingate at page 2011. The matter is then continued from page 2015 through to page 2017. The only thing that comes in any way close to a response by the Minister of Labour was his answer to a question asked by my seatmate, the hon. member for Fundy-Royal, which dealt with the Woods task force report. I bring this matter to the attention of the House because I suggest the Minister of Labour has given an improper answer to the House and to the country.

Hon. Bryce Mackasey (Minister of Labour): Mr. Speaker, I am happy to apologize to the hon. gentleman. His questions are usually very objective. Yesterday was not my day in the House. If he will check back a few more pages he will find that I answered the question on Monday.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. if the hon. member is going to check Monday's record I hope he will not want to raise a second question of privilege.

Mr. Hees: On a point of order, Mr. Speaker. Just as the hon. member rose the Prime Minister was going to answer my question.

Mr. Speaker: Order, please. We have to make some progress.

Some hon. Members: Oh, oh!

Inquiries of the Ministry

NATIONAL FILM BOARD

LAY-OFFS OF EMPLOYEES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the superb work which the National Film Board has done in promoting national unity and a better understanding among the people of the different regions of Canada, I should like to ask the Secretary of State whether there have been lay-offs in this agency, including 31 already laid off and 73 under notice as well as some 50 National Film Board distributors who have been informed that they will be laid off unless they can obtain sufficient revenue from the newly imposed user fees to pay their salaries? I understand this would make a total of some 154 staff reductions in the National Film Board. Is this being reconsidered and has the minister reached any decision in respect of the matter?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, although I do not confirm the figures quoted by the hon. member, I must admit that because of budget limits and restrictions the National Film Board, together with almost all other government agencies, has to make cuts in certain budget items.

The Commissioner of the National Film Board, in view of the unrest apparent to him among the personnel and more specifically the film makers of the National Film Board, has asked me to appoint someone who, during the course of January, will review the appropriateness of these decisions and report thereon. I have decided to take up this suggestion, which I received yesterday, and therefore none of the dismissals scheduled for December 15 will take place at any rate before January 15.

[*English*]

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that Parliament passed legislation giving government employees the right to collective bargaining, I should like to ask whether there were any consultations with the employees of the National Film Board prior to these lay-offs and whether the delay of one month in respect of the 73 who have been on notice as of December 15 is going to be extended in order that such consultations can take place if they have not already taken place?

[*Translation*]

Mr. Pelletier: Mr. Speaker, consultations have obviously taken place. The independent person who will be appointed will have to determine whether those consultations have been adequate. I cannot make any statement on that matter before that person has completed the study which I have just mentioned.

[*English*]

[*Later:*]

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, in view of the massive lay-offs in the production staff of the National Film Board, will the Secretary of State indicate whether the government plans to have the CBC absorb the National Film Board?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question is supplementary to one previously asked and relates to an earlier series of questions about the National Film Board. In view of the recent CRTC ruling promoting Canadian identity, especially in rural Canada, would the minister indicate to the House whether he would consider requesting the CBC to contract more of its general programming and ETV work through the National Film Board rather than increase our dependence on imported films or contracts with outside private firms?

Mr. Speaker: Order, please. The hon. member has made a representation and must assume it will be considered by the government.

PUBLIC SERVICE

EFFECT OF CUTBACKS ON WAR AMPUTEES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in view of the answer by the President of the Treasury Board yesterday in reference to veterans and amputees, will the Prime Minister now exercise the prestige of his office by intervening in these layoffs—not transfers—of veterans and amputees?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did look into this matter several days ago after the hon. member raised the question. I am completely in accord with the statement made yesterday or the day before by the President of the Treasury Board. I looked in particular at the two cases which were brought to the attention of the House by the hon. member. I am satisfied that in both cases the recommendations followed the line of the Public Service Commission and were based on equitable facts and opinions.

Mr. Woolliams: Do I gather from the Prime Minister's answer that he goes along with the opinion of the President of the Treasury Board that in dealing with amputees and veterans who have served our nation they are redundant when it comes to lay-offs and have no priority in spite of the Public Service statute which guarantees them priority?

Mr. Trudeau: Mr. Speaker, I am asked if I am in accord with the opinion to that effect of the President of the Treasury Board. That is not his opinion. The member has misquoted his position.

Mr. Woolliams: Mr. Speaker, I rise on a question of privilege. The Prime Minister said I have misquoted the President of the Treasury Board. I will let the record speak for itself. I do not think influence is coming from the President of the Treasury Board but is coming from the Prime Minister who is not serving humanity.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. That is not a question of privilege and I doubt whether we should pursue the matter further. I do not want to be unfair to the Prime Minister by not allowing him to reply to the statement made by the hon. member for Calgary North, but let me say again I think there is no question of privilege.

[*Translation*]

HEALTH AND WELFARE

ADVERTISING OF CONTRACEPTIVES

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, my question is for the Minister of National Health and Welfare.

Could the minister tell us whether it is true that the federal government is getting ready to legalize or authorize in the immediate future the advertising of certain contraceptives?

Mr. Speaker: The hon. member will recognize that his question in its present form is out of order, since he is asking the minister to confirm a news item.

[*English*]

PENITENTIARIES

ALLEGED USE OF GAS INJECTION UNITS

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in order to convey information and remove doubts in the public mind I should like to ask the Solicitor General whether he can at this time make a definite statement that gas injection units have not been installed in any jails in Canada?

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, I am very glad to have the opportunity to refute the irresponsible statement which appeared in the papers yesterday to the effect that there were gas injection installations in cells of certain institutions in Canada.

Mr. Speaker: Order, please.

Mr. McIlraith: That statement certainly is completely without foundation.

COMBINES

INQUIRY AS TO LEGISLATION TO CURTAIL COLLUSION IN PRICING

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct this question to the Minister of Consumer and Corporate Affairs. In view of the recent concerted price increases that occurred in the steel, petroleum and nickel industries, does the minister have under active consideration legislation to curtail collusive pricing conduct in these highly concentrated industries?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Without accepting the hypothesis of the question, may I say it was made clear in the Speech from the Throne, and in the speech I delivered a week ago Monday in Vancouver, that we have very actively under consideration a revision of the Combines Investigation Act which I would hope to introduce for first reading before this session ends.

Mr. Dinsdale: In the light of the Vancouver speech, will the minister inform the House when he will be reporting on his department's consideration of the report of the Economic Council of Canada on competition in Canadian industries?

Mr. Basford: The government's reaction to the report of the Economic Council on competition will be shown in the bill which we intend to introduce to revise the Combines Investigation Act.

[*Later:*]

LACK OF STAFF IN BRANCH

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a supplementary question to the Minister of Consumer and Corporate Affairs regarding the Combines Investigation Act. Has he paid some attention or will

Inquiries of the Ministry

he pay some attention to the complaint of the Director of Research and Investigation that full prosecution under the Act is now hampered by a lack of staff?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Well, Mr. Speaker, the shortage of resources in the Combines Investigation Branch has been a matter of considerable concern for some years. We, however, like all other departments, are under very tight budgetary control, but a special concession was made in respect of the guidelines for the Combines Investigation Branch in order to help alleviate the shortage of resources.

Mr. Howard (Skeena): Mr. Speaker, the hon. gentleman says the lack of staff has been a continuing condition. Would he consider having the operations under the Combines Investigation Act transferred to the Prime Minister's office which is not so hampered?

Mr. Speaker: Order, please.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

INQUIRY AS TO CONCURRENCE IN COMMITTEE REPORT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question relates to the very important and very useful report by the chairman of the Committee on Indian Affairs and Northern Development which was presented yesterday. I had intended to ask the chairman of that committee, the hon. member for Laprairie, whether he would shortly be moving concurrence in that report so that the House would have an opportunity to express its views on it. In light of the absence of the hon. member, I should like to address the question to the hon. member for Athabasca, the vice-chairman.

Mr. Speaker: Order, please.

BROADCASTING

EFFECT OF CRTC DECISION RESPECTING CABLEVISION

Mr. P. M. Mahoney (Calgary South): Mr. Speaker, my question is for the Secretary of State. It arises out of answers he gave in the House on December 4 on the subject of community antenna television. I wonder whether his studies in respect of the CRTC have brought him to a point where he would like to indicate when he will make a statement on motions concerning it or whether he regards the situation now as one which justifies action by the Governor in Council and the giving of guidelines to the CRTC?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): To this question, Mr. Speaker, I have already replied that the Broadcasting Act does not allow the government to give instructions to or ask the CRTC to reconsider its decisions when they concern refusals to issue licences, but only when they have to do with granting, renewing or changing licences. As the act now stands, there is no question of giving such instructions to the CRTC.

[*English*]

Mr. Mahoney: Ten o'clock, Mr. Speaker.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State whether the position of the government is that it is proper for a commission of this sort to make such a far-reaching decision relating to broadcasting policy in this country or whether it is the intention of the government to make it possible for this question to be considered by Parliament or by a parliamentary committee?

Mr. Speaker: I have some doubt about the first part of the question. The second part is quite in order and perhaps the minister might reply to that.

[*Translation*]

Mr. Pelletier: I am afraid, Mr. Speaker, that I have confused the two questions and that I might reply to the one that is not in order. May I ask then that that part of the question that was ruled in order be repeated.

[*English*]

Mr. Stanfield: Mr. Speaker, may I ask the Secretary of State whether it is his intention to make it possible for Parliament or a parliamentary committee at least to consider the policy announced by the CRTC, which has such far-reaching effects upon broadcasting in Canada?

[*Translation*]

Mr. Pelletier: Mr. Speaker, I have said time and again that it is not up to the Secretary of State, no more than to any other minister, to control the work of a parliamentary committee. But it is normal for the representatives of the CRTC, the same as those of any other institution coming under the jurisdiction of the Secretary of State, to appear before the

parliamentary committee, when the estimates are considered, so that the members of the said committee may have a chance to question the officers on every aspect of those agencies.

[*English*]

Mr. Nowlan: A supplementary—

Mr. Speaker: Order, please. I will allow the supplementary but I have not had an opportunity until now to make my daily speech and remind hon. members that there are just a few minutes remaining before the end of the question period. We will try to get in as many questions as possible.

Mr. J. P. Nowlan (Annapolis Valley): I have many supplementaries, Mr. Speaker, concerning the Film Board. However, in relation to this particular question, I should like to ask whether the Secretary of State has communicated to the chairman of the CRTC some of the displeasure expressed in Parliament about that decision, and has he ascertained from the chairman when the commission intends to apply the same policy on American influence to certain areas now covered by cablevision, let alone the CBC?

[*Translation*]

Mr. Pelletier: Mr. Speaker, I think it my duty, a duty I always discharge with the greatest zeal, to pass on to the chairmen of institutions coming under the purview of the Secretary of State everything hon. members ask me to, whether or not I deem those opinions useful.

CANADA ELECTIONS ACT

CONSULTATIONS WITH PROVINCES RESPECTING LOWERING OF VOTING AGE

Mr. Gérald Laniel (Beauharnois): Mr. Speaker, I wish to direct a very important question to the Prime Minister.

Is the government prepared, before the presentation of the report of the Committee on Privileges and Elections on Bill C-187, which recommends to lower the voting age to 18, to consider, possibly in conjunction with the provinces, the advisability of lowering the age of majority to 18 and of relating this privilege to that of franchise?

Mr. Speaker: I would point out to the hon. member that a suggestion has been made to the government and that he must take it for granted that it will be considered by the minister concerned.

[*English*]

LABOUR CONDITIONS

DISMISSAL OF EMPLOYEES AT U.S. BASES IN NEWFOUNDLAND

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. Is he in a position yet to say whether the Canadian government has received any information from the United States government regarding the likely length of the active life of the United States naval base at Argentia, Newfoundland?

Mr. Hees: It is in your court, Mitch.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, neither the Minister of National Defence nor myself have as yet received any information on this.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question. In view of the uncertainty surrounding the future of Canadian civilians employed at these bases and the responsibility this government has in relation thereto, will the Secretary of State for External Affairs make it his business to initiate immediately inquiries of the United States to ascertain the future status of this base and of other U.S. bases in Canada?

POLLUTION

INLAND WATER PILOT PROJECT

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Secretary of State for External Affairs which arises from reports of a meeting of the NATO Committee on "The Challenge of Modern Society" just concluded in Brussels. Has the Canadian government decided to conduct for NATO a pilot project dealing with inland water pollution?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Not yet, Mr. Speaker. At the meeting referred to by the hon. member some Canadian experts were present. The meeting was informed that inland water pollution was a subject in which we had a special interest and that we would consider whether our experience might be relevant.

NATIONAL FILM BOARD

RECONSIDERATION OF ORDER LEVYING CHARGES FOR USE OF FILMS

Mr. J. Edward Broadbent (Oshawa-Whitby): I have a question for the Secretary of

State. Is the minister reconsidering the decision of the National Film Board to impose charges on local schools boards and other Canadian groups for the use of National Film Board films?

Mr. Speaker: I am not sure that this is a matter which is of such urgency that the question ought to be asked at this time. In my view, it is the type of question which normally should be placed on the order paper, but in view of the fact that we will be adjourning perhaps for a few days over Christmas and New Year's the question might be allowed.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the Secretary of State is not in the habit of interfering with the internal management of the National Film Board. However, since I have received representations from many members on both sides of the House in this connection, I asked, as I said earlier, for a report on the reason for such a step being taken. This report has been received, and it is my intention to discuss it with the authorities of the National Film Board.

[*English*]

HEALTH AND WELFARE

USE OF CYCLAMATES IN DIET FOODS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. It is based on the fact that the United States food and drug administrator who banned the use of cyclamates was fired. Since there is no clearcut Canadian policy on the use of this product which affects the daily lives of thousands of people who are on diets, can the minister indicate what action has been taken to solve this distressing problem?

Hon. John C. Munro (Minister of National Health and Welfare): Our deadline with respect to the removal of cyclamates stands, as is well known to the House and should be known to the hon. member. With respect to his comments concerning the food and drug administration in the United States, that move has been contemplated for some time and is not related to the cyclamate question.

CANADIAN NATIONAL RAILWAYS

TRANSFER OF EMPLOYEES FROM BELLEVILLE TO MONTREAL

Mr. Lee Grills (Hastings): Mr. Speaker, I should like to address my question to the Minister of Transport to whom I have given previous notice. The CNR has decided to move several employees and their families from the Belleville comptroller's office for the Rideau area to Montreal. Will the minister use his good offices and influence to forestall this development which will cause hardship to loyal employees of long standing?

Some hon. Members: Hear, hear.

Mr. Speaker: Order, please. The hon. member has made a representation to the minister.

Mr. Grills: Ten o'clock, Mr. Speaker.

EXTERNAL AFFAIRS

NIGERIA-BIAFRA—PARTICIPATION IN TALKS—RELIEF SUPPLIES

Mr. R. N. Thompson (Red Deer): I wish to direct my question to the Prime Minister. In view of the fact that his legislative assistant, Mr. Ivan Head, is in Lagos today—

An hon. Member: He is in the gallery right now.

Another hon. Member: Ivan the Terrible.

Mr. Thompson: Perhaps he was there yesterday. I wonder whether the Secretary of State for External Affairs might inform the House whether, first, Nigeria intends to take part in the talks that are planned and for which the officials from Biafra are now waiting in Ethiopia and, second, whether or not there are any new plans for the movement of food into Biafra?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is true that Mr. Head of my office met over the weekend with the head of state of the Nigerian government. They discussed essentially means whereby increased relief supplies could be brought into all the beleagured parts of Nigeria. We have put forward a proposition which might involve the use of Canadian aircraft and that is now being considered by the Nigerian authorities.

NATIONAL FILM BOARD

REQUEST FOR STATEMENT ON ROLE

Mr. John Burton (Regina East): My question is for the Secretary of State. I wish to ask him whether, in response to representations made in the House and elsewhere concerning the future of the National Film Board, he has now given this subject further consideration and is prepared to make a

statement before the Christmas recess in which the valuable role of the National Film Board in developing a Canadian identity will be recognized and which will also remove fears that this institution is slowly being strangled by the government?

[*Translation*]

INDUSTRY

GOLD MINING—POLICY RESPECTING GRANTS

Mr. Oza Tétrault (Villeneuve): Mr. Speaker, I would like to ask the Finance Minister a question.

Does the government intend to maintain or revise its policy of assistance to gold mining now that the price of gold remains at $35 per ounce?

[*English*]

Mr. Burton: I rise on a point of order, Mr. Speaker. I believe that the Secretary of State was prepared to respond to my question. It is a matter about which many members are concerned.

Mr. Speaker: Order, please. In view of the form in which the question was put, the Chair was not prepared to allow the minister to reply to the question.

Mr. Burton: May I rephrase my question, Mr. Speaker?

Mr. Speaker: Order, please. I feel embarrassed to have to bring to the attention of hon. members that the question period expired a few minutes ago. I think that I did my best to try to allow as many members as possible to ask their questions, but unfortunately many were not given an opportunity to do so. I have made a note of those who were not called today and will try to give them some preference tomorrow. I apologize to hon. members for the situation.

Mr. Nesbitt: I rise on a point of order, Mr. Speaker. A few moments ago a question was put by the hon. member for Peace River to the acting chairman of the Committee on Indian Affairs and Northern Development. I was going to raise a similar question but did not do so in view of the question put by the hon. member for Peace River. I note that Your Honour did not give the hon. member for Athabasca, who is the vice-chairman of the committee on Indian Affairs and Northern Development, an opportunity to answer. Perhaps Your Honour could clarify the situation, not only the one which arose on this occasion but those that might arise in the future.

An hon. Member: Spit it out.

Mr. Nesbitt: As soon as the noise from the back benches on the government side stops, I will continue my point of order, not before.

Some hon. Members: Oh, oh!

Mr. Nesbitt: I do not ask Your Honour to rule on this at present if Your Honour is not prepared to do so, but perhaps on another occasion you would clarify whether members of this House may direct questions to chairmen of committees of this House, and particularly whether or not unanimous reports of those committees can be concurred in by the House at the proper time.

Mr. Speaker: Order, please. The point raised by the hon. member is very interesting. I must say that I had to make a very quick decision when the question was asked by the smiling hon. member for Peace River. I had some doubts at that point whether we had any precedents indicating that the vice-chairman of any committee should be allowed to answer a question on behalf of the chairman. Whether that hon. member sits on one side of the House or the other is immaterial to the Chair. I see nothing wrong with that.

My objection was directed to the substance of the question. I had the impression at that moment that the question was of the type which is normally decided by the committee itself and not by the House. I may have been wrong in that judgment. I will review *Hansard* in the course of the evening or take a look at the *Hansard* "takes" later today and determine whether the question should have been allowed. If the question was in order, certainly the hon. member who is the acting chairman of the committee, may be allowed to answer it.

Mr. Yewchuk: Mr. Speaker—

Mr. Speaker: Order, please. I have not yet made my ruling.

Mr. Nesbitt: On the point of order, Mr. Speaker, may I only add that I and other members of the House have directed questions to committee chairmen during this session. I just wish to draw Your Honour's attention to that and to the fact that they have been allowed.

Mr. Speaker: I have no intention of pursuing the discussion with the hon. member for Oxford, although the point is very interesting. I have agreed with him that that is the situation. I have told him, as I tell hon. members

now, that is not the reason the question was not allowed. It was on the substance of the question. Again, as I said, I will review the matter. If I was wrong and if the question ought to have been allowed, the hon. member will have his moment of glory tomorrow.

Mr. Nowlan: On a point of order—

Mr. Speaker: Order, please. I will call Orders of the Day and then recognize the hon. member for Annapolis Valley on a point of order. Orders of the Day.

Mr. Nowlan: Mr. Speaker, my point of order also relates to Orders of the Day and, unfortunately, concerns you. I appreciate the problems of the Chair in recognizing legitimate supplementaries, and indeed all types of questions, but I rose today to ask the Secretary of State one supplementary question with regard to the first answer he gave on the National Film Board.

The Secretary of State has now gone from the chamber. He is here only three days a week. It is very hard to pin down any minister over there, let alone the Secretary of State who has so many Crown agencies under him. The Secretary of State said, for the first time today, that in view of the changes in the Film Board there was a person, called an independent person, who was going to do something or other. The supplementary which I was trying to ask was for the purpose of clarifying the record, and I tried to catch your eye seven times. My supplementary question to the Secretary of State arose out of the question I put to him on Monday about the same changes in the Film Board.

The reason I rise on a point of order, Mr. Speaker, is that on Monday—I see that the Secretary of State is back in the House, Mr. Speaker. I will repeat that my question was an attempt to ascertain whether the independent person he now says is going to investigate something is the same person who is to be a substitute for or supplementary to the report the minister said he requested about all the changes in the National Film Board? It was to try to clarify the record in that respect that I wished to ask my supplementary question, and to avoid asking too many questions tomorrow.

Mr. Speaker: The hon. member will have to ask the question tomorrow. I am not going to reverse the decision I have made simply because he has raised a point of order at this time. If the hon. member will look around he will see that he is not the only one who was not allowed to ask supplementaries. There are a number of other hon. members who were not allowed supplementaries.

There has to be some order in the questioning. The Chair has to decide each day how long supplementaries should last. This is a long established discretion that resides in the Chair. If the hon. member thinks the discretion is not exercised properly, that is his judgment, but I can assure him that I try to allow as many supplementaries as possible. It would be easy for the Chair to allow hon. members to ask supplementaries on the same question for 40 minutes, but I do not think this is what hon. members want.

Some hon. Members: Hear, hear.

Mr. Nowlan: I did not suggest that. On a point of privilege—

Some hon. Members: Oh, oh!

Mr. Nowlan: I will sit down when Mr. Speaker tells me to sit down and you, Mr. Walker, don't have to tell me what to do.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. Hon. members are not helping the Chair by either applauding or cheering when the—

Mr. Nowlan: Hear, hear.

Mr. Speaker: I am trying to indicate to hon. members what I am sure they know, that this is not an easy matter to decide from day to day. The Chair has only one concern and that is to be fair to hon. members. I am trying to do this to the best of my ability, and if I have been unfair to the hon. member I will try to do better tomorrow and see he gets the supplementary asked. But I want to say this, too, in all fairness and candour, and in all intellectual honesty: certainly, there is no reason why I should not allow the hon. member for Annapolis Valley as many supplementaries as I allow to other hon. members. I try to do the best I can.

Mr. Nowlan: On a point of privilege, Mr. Speaker, I am certainly the first to defer to the fact that you are the fair one in the House. However, because of noise and applause for partisan advantage we sometimes lose sight of fairness. I do take exception with respect to Your Honour's suggestion—and I think it was only by inference and perhaps an inference that resulted from the warmth of the moment—that I was trying to take 40 minutes for supplementaries. That

was not the point. It just happened that the National Film Board people came from Montreal, and were very involved in problems with the minister. There were some questions yesterday, but you were not submerged in questions about the Film Board. In fact you did not get any questions about the Film Board yesterday because the minister was not here.

Mr. Speaker: Order, please. I am not sure whether there were questions yesterday. It was my impression that there had been. But in any event, tomorrow is another day and we will try to have more questions on that very important subject.

Mr. Nowlan: On that point—

Mr. Speaker: I know the hon. member may want to tell us that the Secretary of State will not be here tomorrow, but let us hope he will be here soon.

Mr. Bell: That is the trouble with the whole question period.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I want to say a word with regard to the point of order raised by the hon. member for Annapolis Valley. We all recognize the problem which faces Your Honour and we think you handle it with great dispatch and fairness. The difficulty is that there are questions which arise which need a number of supplementary questions. In the case of the National Film Board the need for supplementaries could have been avoided if the Secretary of State had made the statement on motions which he promised some time ago. If he would make a statement with reference to the National Film Board tomorrow it would save hon. members trying to ask a great many supplementaries, and it would save Your Honour from trying to keep a very difficult situation in hand.

Mr. Speaker: Is the hon. member for Athabasca rising on a point of order?

Mr. Yewchuk: Yes, Mr. Speaker. After the exchanges which have taken place between yourself and the hon. member speaking before me I want to express my concern for your health. I am saying this because I want to save you some work. I want to indicate to you that I am prepared to answer the question from the hon. member for Peace River at this time.

Mr. Speaker: I should thank the hon. member for his assistance, and I will again call Orders of the Day.

• (3:30 p.m.)

GOVERNMENT ORDERS

COMPANY OF YOUNG CANADIANS ACT

PROVISION FOR APPOINTMENT OF COMPTROLLER

Hon. Gérard Pelletier (Secretary of State) moved that Bill C-171, to amend the Company of Young Canadians Act, be read the third time and do pass.

Mr. Stan Schumacher (Palliser): Mr. Speaker, I refrained from participating in the previous stages of debate on this bill in the hope that it would be improved during the process. There has been some improvement by the imposition of a time limit corresponding with the period for which funds have already been voted. I also refrained because I felt there should not be an undue delay in resolving the serious problem we are facing today, which has arisen mainly as the result of a lot of people doing a lot of pipe-dreaming, and this includes people of every political persuasion. This pipe-dreaming occurred three or four years ago.

However, I must say that this bill remains, like the committee report, a second-rate solution to the problem of the CYC. It can best be described as a lame brain idea and appears to be based on the same type of thinking which underlies the philosophy which used to be promoted in my province of Alberta by the Social Credit party, to the effect that whatever is socially desirable ought to be fiscally possible. In the CYC, the thinking seems to be that whatever is socially desirable ought to be legislatively possible.

Let us be done with this pipe-dream and recognize that it would be folly to continue on the path we have been following. It is not my intention to catalogue the sins of the company, as has already been done by many hon. members. My plea is for the government to face facts and resist the type of pleas put forward by the hon. member for York South yesterday, which is for the continued subsidization by the taxpayers of revolution in this country.

Listening to the hon. member for York South it was clear to me that his aims today are not any different from the aims of his party back in the days of the Regina manifesto. My fear, Mr. Speaker, is that they are also not so different from those of the Secretary of State (Mr. Pelletier) when he was actively involved in the politics of his province. No

doubt he would have welcomed the existence of the CYC at that time and used its facilities to the limit.

The question I ask, Mr. Speaker, is this: why is the minister seemingly so intent on keeping this revolutionary machine alive, albeit perhaps under somewhat better control? It seems that the government's attitude is the same toward the CYC as it is toward inflation—do not stop it, just control it. My belief is that the people of Canada want young people to participate in the affairs of this country with a view to assisting the poor and disadvantaged but that such participation must be within the framework of the system upon which this country is based. There is no support for activities, whether they be government financed or not, aimed at making fundamental changes in our system by the methods of revolution—that is, violence, intimidation and confrontation.

For these reasons, Mr. Speaker, I would ask the government to face up to its responsibility and wind up this misconceived and mischievous body without delay and without wasting Parliament's time by trying to rejuvenate something around which so much ill will has collected and whose reputation will not be soon forgotten.

Therefore, with a view to arriving at the proper conclusion without the necessity for the production of another bill, which would require to go through all stages of the legislative process, I move:

That this bill be not now read a third time but that it be referred back to the Committee of the Whole with instructions that they have power to make provision for the dissolution of the Company of Young Canadians.

Some hon. Members: Question.

Mr. Deputy Speaker: Order, please. I have had a chance to review the amendment and to consult with counsel on this matter. I must say that I do have some grave doubts about the admissibility of the amendment and I would certainly be prepared to have further advice from members of the House. It does seem to me that it goes beyond what is a normally allowable amendment at third reading. I would suggest it goes even beyond the scope of the bill.

As I say, my inclination would be not to allow it but I would prefer to have advice from members of the House on whether this amendment, as presented, is admissible.

Mr. Lewis: On a point of order, Mr. Speaker. We have not got a copy of the amendment and some of us have not heard it.

[Mr. Schumacher.]

Mr. Deputy Speaker: While copies are being made available, I might just read it to the House:

That this bill be not now read a third time but that it be referred back to the Committee of the Whole with instructions that they have power to make provision for the dissolution of the Company of Young Canadians.

I might point out that it is the latter part of the amendment about which I have misgivings.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, the amendment that we have before us purports to refer this bill back to the Committee of the Whole for a specific purpose. I refer to Beauchesne's Fourth Edition, page 287, citation 415.

When a bill comes up for third reading a member may move that it be not now read a third time but that it be referred back to the Committee of the Whole for the purpose of amending it in any particular. The motion for third reading is debatable—

Now, the purpose of this amendment is to have the bill referred back to the Committee of the Whole House to amend it in one particular and that is, to dissolve the Company of Young Canadians. This, I would submit, is an alternative method of dealing with the problem which has been raised and debated on this bill for the last two days. There has been a very wide ranging debate on the CYC. This debate has included various alternatives and proposals from many members on all sides of the House on the method that should be used to deal with the CYC.

• (3:40 p.m.)

I therefore suggest, Mr. Speaker, that the bill and the amendment refer in general to the means of dealing with this problem. The means outlined in the bill, in general, is that there should be a comptroller; the proposal in the amendment is that the company should be dissolved. These are alternative proposals and do not constitute an expanded negative. Since this is an amendment to third reading the question of an expanded negative does not enter into the picture. May I refer to a ruling made on July 7 in connection with the official languages bill. The reasoned amendment on third reading was that the bill be not now read a third time but that it be resolved to refer the bill to the Supreme Court of Canada. In that instance, that motion constituted an alternative method of dealing with the situation then existing, and in those circumstances the amendment was accepted.

I submit that the amendment is very broad in its implications and would give us an alternative method of dealing with problems which have been raised and debated in this House. I therefore urge Your Honour to accept it.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, may I add my remarks to those of the hon. member for Parry Sound-Muskoka. He said the amendment is broad, and I will be the first to admit that. I ask Your Honour to look at Bill C-171 itself. That, too, is broad. One might say it contains few restrictions. Actually, if you appoint a comptroller without imposing any restrictions on him, and say that he must sign all the cheques issued by the company, then, as the hon. member for York South said yesterday when he tried to amend the bill you will be giving the comptroller power to dissolve the company because his power stems from the power of the purse. This amendment really says that instead of giving a comptroller such wide and unrestricted powers to curtail the operations of the CYC, Parliament should give a parliamentary committee that responsibility. The committee should have the power to draw up terms of reference governing the operation of the company and, if it is felt necessary to bring the activities of the company to an end, to phase it out.

We feel it is better for a committee to have such power than to leave it in the hands of a comptroller whose powers may be almost unrestricted. Also, although the amendment may be broad, its scope I submit is no broader than that of the entire bill. At present the comptroller, because he has control of the purse strings, has the effective power to kill the company. We say that it ought to be the responsibility of a parliamentary committee to phase out the operations of the company, and it ought not to be left to the discretion of the comptroller to say whether or not the company is to exist. Of course, if any bill to resurrect the company were to be before the House, my argument would be weak. But there is no such bill on the Order Paper at present, and therefore I submit my argument is not weak. We must look at the Order Paper as it appears today. Because the amendment is simple is no reason for Your Honour not to allow it. The bill itself is simple in concept. It appoints a czar who, in the words of the hon. member for York South, has effective power to kill the company.

As a matter of fact, the other day the hon. member said that he wanted no part of a company in which the czar could tell volunteers what they were to do and how they were to do it. I submit seriously and sincerely that instead of giving this power, in the interim period, to a czar or comptroller who could kill the company, we should give it to a parliamentary committee which ought to have the responsibility of dissolving the company if that is felt necessary.

Mr. Douglas A. Hogarth (New Westminster): Mr. Speaker, it appears to me that the hon. member's amendment suggests that the bill be referred back to a committee of the House and that the committee make provision for the dissolution of the company. I submit that the company was established by statute and if the amendment were accepted we should be giving the committee power to repeal an Act of Parliament. That is absurd. All such questions must be decided in the House by a majority of hon. members; therefore, the committee cannot have power to dissolve the company when that company has been created by statute, by Act of Parliament.

Mr. Nowlan: But the committee must bring back recommendations, surely.

Mr. McIlraith: With respect, I do not think that is correct.

Mr. Deputy Speaker: May I thank hon. members for their advice in this matter. I have listened carefully to what they said. The first paragraph of the explanatory note relating to the bill reads:

> The purpose of this amendment is to provide for the appointment by the Governor in Council of a Comptroller of The Company of Young Canadians whose approval would be required for the payment of any money by the Company and for the entering into of any contract or other arrangement providing for the payment of any money by the Company.

The hon. member for Parry Sound-Muskoka drew the attention of the House to Citation 415(1) of Beauchesne's Fourth Edition which reads in part:

> When a bill comes up for third reading a member may move that it be not now read a third time but that it be referred back to the Committee of the Whole for the purpose of amending it in any particular.

I suggest to the hon. member that the Chair must interpret the words "any particular" to refer to the particulars of the bill presented to the House.

May I also draw the attention of the House to citation 418 of Beauchesne's Fourth Edition which reads in part:

> All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

I suggest, respectfully, that the proposed amendment goes beyond the scope of the bill. Actually, as the hon. member for New Westminster (Mr. Hogarth) suggested, it could nullify the original act. For those reasons I am afraid, rather reluctantly, that I cannot allow the amendment.

Mr. Schumacher: Mr. Speaker, may I say that, although I shall support the bill, I shall do so with a view to protecting public funds and not with a view to either preserving or protecting the CYC.

Mr. Deputy Speaker: Is the House ready for the question? Is it the pleasure of the House to adopt the said motion?

Mr. Lewis: On division.

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

INCOME TAX ACT

AMENDMENT TO CONTINUE SURTAX

The House resumed from Thursday, December 11, consideration of the motion of Mr. Gray (for the Minister of Finance) that Bill C-139, to amend an act to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole and the amendment thereto of Mr. Lambert (Edmonton West) (p. 1865).

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, it is difficult to find anything humorous about taxation and there is certainly nothing funny about a surtax of any kind. Ever since February, 1968, an allusion to surtax in this House has conjured up the farce of the Pearson government clinging to power against all the customs and traditions of Parliament, after being clearly defeated in this chamber. This reminds all of us of the ludicrous performance of the man who then was minister of finance. For his bungling, he was booted upstairs to become Secretary of State for External Affairs.

• (3:50 p.m.)

Your Honour will recall that the minister first proposed a 5 per cent surtax on income. When that proposal was defeated by a vote in this House, he withdrew the measure and came back later with a surtax measure cut down to 3 per cent. In both cases, he claimed the tax was to meet the expense of federal-provincial shared-cost programs. It was a temporary measure. It was to remain in force no longer than one year. My understanding is that this myth is still being perpetuated by the government. Yet even as we are being asked to continue this tax for one more year, the white paper containing the Minister of Finance's (Mr. Benson) unpopular and unworkable tax reform proposals states quite clearly that this particular surtax is to be continued permanently by being absorbed in the general tax system. This is as confusing a manoeuvre as has been placed before Parliament for a long time. Had this measure been sponsored by the former minister of finance, perhaps it would not appear so illogical and devious.

After all, what can we expect in the way of logic or forthrightness from a minister who, only the other day in this House, when answering a question as to whether future wheat sales to Red China had been included in negotiations regarding recognition of the Peking regime, answered as reported at page 1695 of *Hansard* for December 8:

> —in the exchange of diplomats between countries such considerations are irrelevant.

Surely, Mr. Speaker, this must set some kind of a record. When the day comes that sales of Canadian wheat are treated by Canadians, whether diplomats or not, as "irrelevant" then we are indeed in a very bad way.

The fact that it was the present Secretary of State for External Affairs (Mr. Sharp) who fathered this surtax is grounds enough to regard it with suspicion. But there are other factors surrounding it that make me even more skeptical about the manner in which it is used. It was first imposed with the sole purpose of providing tax revenue to meet the accelerating expense of the various federal-provincial shared-cost programs. I am presuming the government is referring to such cumbersome, expensive and uncontrolled programs as medicare, hospital insurance and such. A device to raise additional tax revenue might make sense if, at the same time, the government gave some evidence that a serious attempt was being made to manage the schemes requiring the revenue in an economical and businesslike way. But the runaway nature of the present shared-cost social welfare programs, now draining the provincial and federal treasuries of this country, make

any such surtax as is now proposed inadequate and inappropriate.

It has become very clear in the past few days during discussions at the constitutional conference that the provinces are fed up with the federal government's whole approach to these programs. In the first place, most of the provinces feel that they were coerced and cajoled into embarking on these programs against their better judgment, and before they could hope adequately to sustain them from the restricted tax revenues available to them.

Both Premier Thatcher of Saskatchewan and Premier Robarts of Ontario made it clear they wanted no more such programs foisted on their provinces before the tax base was widened sufficiently to accommodate them without financial crises developing. To my mind, that is the whole answer to the question of managing and financing the very broad, very generous and very expensive social welfare programs we already have in this country.

The tax base must be extended. In other words, new tax dollars must be harvested. As things now stand, we simply do not receive a sufficient yield from the existing tax base of the nation to sustain all those programs we wish to enjoy. In my opinion, a surtax is no answer. A surtax is simply squeezing the goose a little more in the hope of getting one more tiny egg of gold. We should be trying to raise more geese and upping their production. One more squeeze by the Minister of Finance and the old Canadian tax goose may just expire. Certainly, a federal surtax on income is not going to help the provinces pay their share of the mounting costs of administration of many of our existing social welfare schemes. It may help the federal government in some small measure, but the provinces are left to shoulder their responsibilities while shackled by the same restrictions to the same tax base.

I believe there are only two ways in which we can hope to meet the rapidly accelerating costs of our medicare, hospital and other welfare programs. The first is by better and more economical management of them and, second, by broadening our national tax base through a concerted program of national expansion and development. I cannot believe that merely juggling figures in the national books or pyramiding taxes on taxes will meet the problem.

Canada, under this administration, is like a working man on a severe diet, living off accumulated fat slowly approaching the point where any benefits from losing weight will be overshadowed by loss of energy, inability to carry on productive work and permanent damage to the body. If Canada is to do all the work it wishes to do, in this instance carry a full load of cradle-to-grave social welfare programs, then it must feed the national body with increasing intakes of national taxable assets.

Unless we take this more positive and more dynamic approach, Mr. Speaker, I am afraid Canada faces economic starvation. It would be ironic if, through pursuing our present short-sighted course, the state ended up by being the one in greatest need of social assistance.

Mr. John Gilbert (Broadview): Mr. Speaker, the purpose of Bill C-139 is to extend for one year the 3 per cent surtax on individuals and corporations which was imposed in 1968. Hon. members will recall the history of this surtax, Mr. Speaker. At one time the government attempted to impose a 5 per cent surtax, but that bill was defeated. That was a 5 per cent surtax on individuals. After various attempts by the government to reimpose the tax, they came up with the compromise of a 3 per cent surtax on individuals and corporations.

Hon. members will recall that the then minister of finance, when introducing that bill, said it was not for the purpose of greatly increasing revenues but for the purpose of stabilizing the economy. When this measure was first introduced in 1968, it applied to 1968. The government is now asking for a further extension to 1969. There has been very little evidence of stabilization in the economy as a result of the imposition of that particular tax. I recall reading the report of the Economic Council of Canada back in 1955 which stated that the economy of the country should be headed in three main directions: First, the direction of full employment; second, the high rate of economic growth and, third, reasonable stability of prices.

When we look at the first aim, that of full employment, we recall that the Economic Council of Canada recommended that at no time should the unemployment rate in Canada exceed 3 per cent. At this time we find there is a surplus of unemployment and the seasonally adjusted rate is now over 5 per cent, with regional disparities in the Maritimes, Quebec and New Brunswick. The trend appears to indicate there will be a further increase in unemployment during the winter months. Therefore, the policies of the government, more particularly their economic and fiscal policies, do not give any indication of

creating the goal of 3 per cent set by the Economic Council of Canada. In fact, it could rightly be said that the government's policies are producing an economic over-kill.

With reference to the second point, a high rate of economic growth, we find the growth rate is slowing down and there is an absurd imbalance of economic priorities aggravated by the government's drastic cuts in needed public services, housing, urban renewal, winter works and pollution control. In fact, the public sector is being sacrificed to the private sector, adding little to individual or community well being. The Economic Council recently stated in one of its reports that fiscal and monetary restraints would raise unemployment, slow down the economy and exercise only marginal effects on the rate of inflation.

• (4:00 p.m.)

With regard to price stability, we have found there has been an increase across the board in prices of food, manufactured products, raw materials and services generally. We have noted sharp increases in the prices of lead, copper, nickel and steel, and the minister most directly concerned has indicated his reaction to these increases. The Minister of Industry, Trade and Commerce (Mr. Pepin) told us that the increase in the price of nickel really did not affect Canadians much because most of the nickel was exported. The hon. member for Waterloo (Mr. Saltsman), suggested we might have a two-price system for nickel and that Canadian manufacturers should be charged the lower price so that they might become more competitive in the export field. But this was not well received by the Minister of Trade and Commerce. When the United Steel Workers of America proposed there should be a public inquiry in connection with increases in steel prices, again the Minister of Consumer and Corporate Affairs (Mr. Basford) rejected the idea.

When we look at the profits made by the banks, as revealed in recent financial statements, we understand why Canada is facing such serious difficulties today. The profits of the banks are exorbitant and interest rates are much too high. The Minister of Industry, Trade and Commerce expects that interest rates will adjust themselves through the ordinary operation of the market mechanism. He ignores the recommendation by members of my party that we should impose a floating exchange rate of the kind which has worked so successfully in many other countries, particularly in West Germany.

This problem of inflation has confronted Canadians for a long time. Rather than study the matter seriously the government has used various methods to scare the Canadian people. It has used the traditional method of creating unemployment; it has used taxation instead of considering more constructive proposals. One almost feels there is a plot against the trade unions, linking them with inflation.

Inflation today in Canada does not have the serious consequences which many people think it has. When we compare our situation with that of other countries, we find we have stood up fairly well. I am thinking of the rate of increase of inflation here as compared with the rate of increase in other countries, particularly in some of the European countries. It is the tools and the instruments we have used which have created the inflation problem.

I am disturbed by the attitude of the Prime Minister (Mr. Trudeau) toward inflation. He is putting the blame for inflation on the trade unions. In a speech on November 2, he said that because the trade unions had strong bargaining power they were trying to get a bigger slice of the cake and pass on the consequences of their greed to the little people. He said this in a televised speech, part of an elaborately planned campaign to convince the people of Canada that union-won wage increases are the chief cause of inflation. The idea is to brand the unions as selfish, grasping organizations solely concerned with boosting the incomes of their members at the expense of helpless widows, pensioners and the two-thirds of the work force which is unorganized.

This is really not worthy of our Prime Minister. Instead of taking another look at the tools and instruments the government is using to fight inflation, he is attempting to blacken the trade unions. In this connection, I should like to read the comments of the financial editor of the Toronto *Daily Star:*

> Labour is right when it says that voluntary price and income restraints will not work; and, if by some miracle they should work, they would be unfair ... Voluntary restraints damage those who adopt them, and reward those who reject them.

The reason labour unions rejected the proposal of the Prices and Incomes Commission with regard to restraint in the area of price and wage increases is that the unions would at one have encountered difficulty in the face of increases by professional people, landlords, banks—through higher interest

rates—and so forth. They found that, on balance, they would be the ones to be severely restricted at a time when there is no means of securing restraint on the part of other elements in our society. In this connection, I might mention some of the large corporations and the legal chicanery they use to avoid taxes. The unions could not accept the suggestion that they should agree to voluntary restraint because they realized that the restraint would apply to them rather than to other groups.

I would sum up by saying that the purpose of this bill was not to increase revenue but to stabilize the economy and that so far there has been no indication of any stabilization of the economy. In fact, the tools which the minister has used have brought about a further instability as well as a rise in prices within our society.

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

Mr. McCleave: Would the minister mind explaining one of the words which appears in the explanatory note? The explanatory note says, in the first paragraph, that the purpose of the bill is to extend for one year the temporary surtax imposed in 1968 under the terms of the Income Tax Act. What I would ask the minister to explain to us is this: what is meant by the word "temporary"?

Hon. Herb Gray (Minister without Portfolio): Hon. members have made a number of interesting observations in the course of this debate. I think that most of what they had to say was anticipated in my own remarks at the opening of this discussion.

With respect to the question asked by the hon. member for Halifax-East Hants (Mr. McCleave) I believe the simple answer is that "temporary" is the opposite of "permanent". Originally, Parliament agreed that the surtax in question be imposed only for a certain period of years, and since the proposal before us now is to extend it only for a limited and specific period, the description "temporary" still validly applies.

Mr. Crouse: A further question. Since surtaxes are listed in the proposals put forward by the Minister of Finance (Mr. Benson) in his white paper which state that the 3 per cent surtax is to be included in a whole group of taxes to take effect in 1971, would the minister not agree it would be more in keeping with the intent of the bill if the word "temporary" were dropped?

An hon. Member: It is not in the bill.

Mr. Crouse: Use of the word "temporary" gives us the impression that the surtax is intended to apply for a limited time only, yet in fact the tax is to be carried on in perpetuity. Does the minister not agree that this word should be dropped?

Mr. Gray: The word "temporary" appears in the explanatory notes—

Mr. Barnett: Before the minister replies—

Mr. Gray: I shall be happy to accept the hon. member's question but I am attempting to reply to the hon. member for South Shore (Mr. Crouse). As I understand it—and I can accept guidance on this point—the explanatory notes are not officially part of the bill.

• (4:10 p.m.)

In respect of the proposals in the white paper, I understand that the basic one is that there would be a new rate schedule which would in effect integrate what may have been a series of separate taxes on income. However, I think this is a matter for future debate and discussion. At the present time we are debating and considering a proposal to amend the existing law, and it is on this that the Government is asking the House to make a decision.

Mr. Barnett: Mr. Speaker, I am interested in the minister's definition of "temporary" as being opposed to "permanent". For clarification, I wonder whether he might explain if this definition of a temporary tax is more or less temporary than a temporary building in Ottawa?

Mr. Winch: Mr. Speaker, this matter intrigues me and I should like to know on what basis we can accept a determination from the government in repect of legislation? The Government introduces legislation and Parliament passes it by a majority. This measure refers to a surcharge for a definite period of time. We are now faced with the fact that the original legislation was not introduced for a definite period of time. How much trust can members of the House and the public have in a government that introduces tax legislation for a definite period of time, in view of this additional extension?

Mr. Gray: Mr. Speaker, the extension of this surtax is to be made only if this House agrees to amend the law, as proposed by the government. It is my understanding that under our constitutional system Parliament is

sovereign. If Parliament wants to change a decision made previously or a decision of another Parliament, so long as the matter is within the federal jurisdiction under our constitution, Parliament has the right to do so. What the government is proposing at this time is that this House take the decision to change this surtax by extending the period for one year. If this House takes that decision, I do not think it can be suggested it is going back on anything that happened in the past or on anything that has occurred in light of circumstances in the meantime.

Mr. Winch: I accept the explanation of the hon. minister, but I despise dishonesty on the part of the Government.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to ask the minister why the government is maintaining this tax. We are told that for 1970 the government is expecting a huge surplus.

If the budget of the government is satisfactorily balanced, why should it unbalance the budgets of all Canadians to the benefit of the federal government's?

Mr. Gray: Mr. Speaker, the Minister of Finance (Mr. Benson) said, in his budget speech, that it was necessary, in order to win the battle against inflation, to maintain fiscal restraints. In this regard, one of the methods he advocated was to maintain the surtax for one year in order to win this battle against inflation, which is in the interest of all Canadians, including the lower income groups.

[*English*]

Mr. Aiken: I have one further question. A moment ago the minister declined to go into the past record regarding surtaxes. Can he assure the house that in looking to the future it is the intention of the Government to drop this tax when the temporary period of one year expires?

Mr. Gray: Mr. Speaker, the government is proposing at this time that the surtax be extended for a further year. If I answered the question I think I would be departing from the well established principle that has been followed by governments of all parties in Canada of not attempting to make announcements on fiscal changes until the appropriate time comes to do so.

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

[Mr. Gray.]

Some hon. Members: Question.

The Acting Speaker (Mr. Béchard): The question is on the amendment proposed by the hon. member for Edmonton West (Mr. Lambert). All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Béchard): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Béchard): In my opinion the nays have it.

And more than five members having risen:

The House divided on the amendment (Mr. Lambert, Edmonton West) which was negatived on the following division:

• (4:20 p.m.)

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Asselin
Baldwin
Barnett
Bell
Benjamin
Bigg
Brewin
Broadbent
Burton
Cadieu (Meadow Lake)
Carter
Coates
Code
Comeau
Crouse
Danforth
Diefenbaker
Dinsdale
Douglas (Nanaimo-Cowichan-The Islands)
Downey
Dumont
Fairweather
Flemming
Fortin
Gilbert
Gleave
Godin
Grills
Hales
Harding
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Laprise
Latulippe
Lewis
Lundrigan
MacDonald (Egmont)
MacEwan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacLean
MacRae
McCleave
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Mather
Monteith
Muir (Cape Breton-The Sydneys)
Muir (Lisgar)
Nesbitt
Nowlan
Nystrom
Orlikow
Paproski
Peddle
Peters
Ricard
Ritchie
Rodrigue
Rondeau
Rynard
Saltsman
Schumacher
Scott
Simpson
Southam
Stanfield
Stewart (Marquette)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Winch
Woolliams
Yewchuk—82.

NAYS

Messrs:

Anderson
Badanai
Barrett
Basford
Béchard
Benson
Blair
Blouin
Borrie
Buchanan
Caccia
Cadieux (Labelle)
Chappell
Chrétien
Clermont
Cobbe
Comtois
Côté (Richelieu)
Côté (Longueuil)
Cullen
Cyr
Danson
Davis
Deachman
Douglas (Assiniboia)
Drury
Dubé
Duquet
Émard
Forget
Francis
Gendron
Gervais
Gibson
Gillespie
Givens
Goode
Gray
Greene
Groos
Guay
(St. Boniface)
Guilbault
Haidasz
Hellyer
Hogarth
Honey
Hopkins
Howard (Okanagan
Boundary)
Hymmen
Jamieson
Laing
(Vancouver South)
Lang (Saskatoon-
Humboldt)
Laniel
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
(Lac-Saint-Jean)
Lind
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McIlraith
McNulty
Mahoney
Marceau
Marchand (Langelier)
Marchand (Kamloops-
Cariboo)
Mongrain
Munro
Murphy
O'Connell
Olson
Orange
Osler
Otto
Ouellet
Pelletier
Penner
Pepin
Perrault
Pilon
Prud'homme
Richard
Richardson
Roberts
Robinson
Roy (Timmins)
Ryan
Serré
Sharp
Smerchanski
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-
Kootenay)
St. Pierre
Sulatycky
Thomas (Maisonneuve)
Trudeau
Wahn
Walker
Watson
Whelan
Whiting
Yanakis—108.

• (4:50 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise to participate in the debate on the main motion. I will try to be brief because the hon. member for Regina-Lake Centre (Mr. Benjamin) also rushed back from Montreal to participate and he tells me that he wants to take his whole 40 minutes as he has many important points to make. Bill C-139, which is now before the House, seeks to impose higher taxes on the people of Canada. We can go back over the bill and see that its purpose is to amend the Income Tax Act. It asks the members of this House to extend the 3 per cent surtax on individual incomes and corporations to December 31, 1970. I rise to participate in the debate because I have had a number of people make representations to me in my constituency of Yorkton-Melville, where the great majority of the people will be affected by this surtax.

In speaking to this House last month the Parliamentary Secretary to the Minister of Finance said the bill would affect about 70 per cent of the population. Because of the exemptions contained in it, he estimated that 2,500,000 taxpayers or 30 per cent of the taxpayers of Canada would be exempt. In view of that, Mr. Speaker, and because of the situation facing many of the people in my constituency as well as people in western Canada, I feel that I must bring the views of these people before the House.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member, but I have to bring to the attention of hon. members—order please. I shall try to bring to the attention of hon. members that there are so many conversations going on in the House at the present time that it is difficult for the Chair, and I am sure for many members, to hear the message the hon. member is attempting to convey to the House.

Mr. Nystrom: Thank you very much, Mr. Speaker. As I was saying, one of the reasons I am participating in the debate arises from the representations of my constituents. Another reason is that the tax advocated in this bill is regressive and would only perpetuate the present tax system. Because of the exemptions included, this tax is not as bad as some other measures that the government has implemented, such as the social development tax introduced a year ago which imposed a 2 per cent tax with a ceiling of $120 a year. This was perhaps the most regressive step taken by this government since assuming office.

There are many important priorities at stake here. The tax itself is just one other measure to perpetuate the social-economic status quo existing in Canada. Because of the increase in poverty and unemployment, there is a greater need to change some of the spending priorities. Instead of spending money on such things as the *Bonaventure* we should spend money on urban renewal,

combating poverty and on the retraining programs.

Let us look at the financial history of this government. The bill before us today is interesting in that it first appeared on November 30, 1967, when it was introduced by the present Secretary of State for External Affairs, who was then the minister of finance. It imposed a 5 per cent surtax on individual income to a limit of $600. This was more regressive than the present measure and met with opposition from this side of the House.

On February 19, 1968, a day which all of us remember, the bill was voted upon and was defeated by a count of 84 to 82. This occasion is well remembered by all members on the government side and was a source of great embarrassment. The result, no doubt had many political implications.

When the bill next came before the House it had changed. Obviously, the government realized that there were many valid criticisms to be made of the bill as originally introduced, so a 3 per cent surtax on personal income and corporation profits was introduced. At that time, the minister of finance stated the bill was only applicable to the years 1968 and 1969, and would expire on December 31, 1969, which is only a couple of weeks away.

• (5:00 p.m.)

On March 15, the bill was passed by the House of Commons. Then, in the June budget statement of last year, we heard more about the surtax. The Minister of Finance announced that he would ask the House to extend it to an extra year, to the end of 1970. Why was the extension requested? I will cite two reasons, the first of which may not sit well with some hon. members on the government side of the House. I believe that the government asked for the extension because the next election is not likely to take place before 1971 or 1972. We all know that governments prefer to tax people in off election years. When an election comes along, the tax load is eased and the government, which is not averse to using psychology, hopes the people will be pleased and that it will be re-elected. The official reason the government has given for extending the surtax for one year is that it wants to stabilize the Canadian economy.

In his statement of June 3, 1969, the Minister of Finance had this to say, as reported at page 9417 of *Hansard:*

> In making this proposal tonight. I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

[Mr. Nystrom.]

I think conditions have changed somewhat since the minister's speech of last June. We now know that the government does not really need the extra money to be garnered by the surtax in order to obtain a budgetary surplus. It seems that even without the surtax the government's accounts will be in a surplus position. Actually, the surplus is to be bigger than was originally anticipated. In October there was a budgetary surplus of about $38 million; yet in the period between April 1 and October 31, 1969, the surplus had risen to $846.4 million. Even without collecting the surtax proposed in this bill, the government's accounts would still show a large surplus.

May I point out to those hon. members who may not be aware of the facts that the projected revenue to be derived from this surtax is expected to be in the neighbourhood of $155 million. As I said before, the government's accounts will be in a surplus position whether or not this surtax is approved. For that reason, I submit this bill is unnecessary. We do not have to pass it. If Parliament decides to pass the bill after all, then I urge the government to consider withdrawing those provisions pertaining to personal income tax. Apparently $115 million of the projected $155 million will come from personal income taxes, the remaining $40 million to come from the tax on the profits earned by corporations. The government ought to consider seriously withdrawing that part of the bill pertaining to personal income tax. If the government does not agree, then I think it ought to consider loosening any of the restraints under which we labour today.

Why do I say that, Mr. Speaker? I say it because in this country today poverty is increasing. The Economic Council of Canada said that poverty is real, and that the numbers affected by it are in the millions, not in the thousands. Poverty not only results from economic and financial problems, but in itself creates many other social and psychological difficulties which affect those living in our cities and rural areas. Unemployment is on the increase in Canada. The unemployment rate at present, on a seasonally adjusted basis, is running at 5 per cent in this country, although it is by no means uniform all across the country. It is very high in Quebec, in the Maritimes and in parts of the prairies. In

Saskatchewan, unemployment has reached its highest level for many years, and there are indications that it will increase before the winter is over.

Our inflationary difficulties should also persuade the government to loosen many of the restraints under which we labour. It is becoming increasingly apparent that this government's anti-inflationary policies are not working. So-called voluntary restraints are not working. All available evidence suggests that government anti-inflationary policies are nothing but a colossal failure. We must examine again our inflationary difficulties. The *Globe and Mail* this morning carried an article showing how living costs are increasing in this country. Apparently, according to the article, living costs in many of the economically depressed areas of the country are increasing more rapidly than in some cities. For example, the cost of living in the past few months has risen more rapidly in Saskatoon than in Toronto. All this clearly shows that the government must change its policies if it is to fight inflation and bring down living costs in this country. It is certain that we shall not fight inflation by imposing the sort of surtax this bill envisages. We can only help our people by spending more money in the public sector. We must be prepared to spend more on people, on urban affairs, on housing, and on helping the poorer people of this country to help themselves so that they may have a chance in life.

We must be prepared to spend more money for the benefit of our grain farmers and farmers generally in western Canada. Too often our farmers feel that we are floundering along in the dark, and the resulting difficulties come about through no fault of theirs. Unless we help our farmers, many of them will leave the land, move into the cities, and probably create many difficulties for us there. May I remind hon. members of the findings of a presidential committee set up when President Kennedy was the first executive of the United States. It said that violence and crime are on the increase in the United States largely because many people from the rural areas have been forced to move into the cities. Those people from the rural parts do not have the skill and training to cope with the city environment; they become alienated and frustrated, and many of them resort to violence and crime. We shall have to think about matters like that in this country and spend much more money on our people. We must try to solve some of the problems we are confronted with and spend less on items like the *Bonaventure* or the writing off of Expo debts. I think we should spend a great deal less in the field of defence, because it is futile for us to be spending so much money on weapons that will effectively kill more and more people when we are not spending enough on food and programs that will enable our people to help themselves.

As I said, Mr. Speaker, I do not think the government's anti-inflationary policies are effective. I do not think they are even beginning to dampen down inflation. Inflation is not to be cured with the government's present policies. It seems to me that the government is fighting inflation with policies that increase living costs and hurt the little guy, the man living on a pension or on a fixed income. You cannot fight inflation merely by firing a few unfortunate civil servants or raising interest rates. Not much good can be done by creating difficulties for farmers. That is no way to combat inflation in a meaningful way. I submit that we ought to think seriously about exercising some kind of economic control over some of the bigger corporations and business enterprises in Canada. Many of these corporations are having a field day because of the policies of this government.

• (5:10 p.m.)

When we look at the bank profits for the last year we see that they are the highest ever or at least the highest this country has seen for a long time. Corporation profits are up a great amount this year over last year. These people are not going to voluntarily co-operate to fight against inflation if they do not have to do so. Why should they? The basic motivation of free enterprise or capitalism is competition and profit. If these people are good capitalists or free enterprisers, they must have a respectable figure in the profit column. They will not co-operate with the government if they do not have to do so.

They are not faced with the high interest with which the wage earners are confronted. They do not have to borrow huge sums of money. They just reinvest much of their own profits in their own business. Meanwhile, the person on a fixed income of $5,000 to $8,000 a year who is trying to buy a house has to borrow money at a high interest rate. He is penalized. The same applies to the small businessman. His business is not big enough to maintain itself. He is affected by the policy this government adopts in the fight against inflation.

I could mention a number of effects this government's policy on inflation is having,

but I can perhaps sum up by saying the cure this government is offering is perhaps even worse than the disease itself. I think the government is going to realize this very shortly. There are a number of other reasons why I wanted to participate in this debate at this time, but other hon. members have already mentioned these things so perhaps I should only emphasize some of them.

As I already stated, I believe the surtax is very regressive. It is a tax on a percentage basis. This type of tax is not fair to the average and low wage earner in Canada. It is not as bad as a social development tax or as bad as when it was first introduced in the House a couple of years ago. We all remember the events that occurred when this tax measure was first introduced.

Let us look at the surtax as it is today. The burden is basically on the wage and salary earners all across Canada. The projected income from this tax in 1970 will be approximately $155 million. Of this amount, $115 million will be collected from the wage earners. Most of the revenue will come from these people. I maintain this is very regressive. I suggest we should not pass this bill but instead start seriously thinking, discussing and debating many of the reforms which have been suggested by members of this House and by many organizations. Some were even in the white paper introduced a short time ago.

If we pass this bill we will be taking a backward step. We will be procrastinating. We will not be trying to solve the problem before us. The tax system as we know it today is unjust. We are not going to patch it up by passing the bill before us. We are not even going to begin shifting the burden of taxation from the lower and middle income groups to those who can afford it.

These are some of the reasons why all hon. members, particularly those from western Canada who are concerned about the economy in that part of the country, oppose the bill before the House today. It is a very regressive measure. It is perpetuating the type of taxation system we have today. It is also preserving the type of social-economic society which we have, instead of making the changes that are necessary.

I am quite sincere in saying that the vast majority of the people in my constituency do not like this tax. They are very much against it. I appeal to the government, as strongly as I possibly can, to abolish this surtax and not to pass this bill. If the bill is passed, I ask the minister responsible to guarantee that this will be the last year he will come before this House and ask for an extension. The former minister of finance promised the people of Canada this measure would be applicable only for 1968 and 1969. No one expected it to be applicable to the coming year, and I know many people throughout Canada were caught by surprise. I hope the government or the minister responsible can assure us this will be the last time the House will be asked to extend this measure. Better yet, let us vote against it and begin some meaningful dialogue on reforming the entire taxation system.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise to join many other members who have opposed this measure. This bill to extend the surtax for an additional year is really an illegitimate offspring of the original bill of some two years ago which was to apply a 5 per cent surtax on individual income tax. It was proposed by the former minister of finance in November of 1967 and was subsequently defeated in February, 1968. This makes it not only an illegitimate bill, but also an orphan since the parent bill was killed. It was killed because it taxed personal income and not corporations.

Even though the subsequent measure, an extension of which we are now debating, levied a 3 per cent tax on individual income and corporations as well, it is still grossly unfair. If this bill is passed, in 1970 the government will collect an additional $115 million from the individual income tax payer and only $40 million from corporations. This is a ratio of 3 to 1, that is $3 from the average, medium and low income taxpayers in Canada and $1 from corporations.

In the remainder of this year, an additional $25 million will be collected, $25 million from individuals and $5 million from corporations. This is a ratio of 4 to 1, $4 being collected from individuals and $1 from corporations. The total tax revenue forecast for 1969-70 is on a ratio much closer to 2 to 1, that is $2 from individuals and $1 from corporations. Because of these figures, I just quoted surely this surtax makes the measure regressive and grossly unfair. This has already been pointed out by previous speakers. The corporations are still getting off too lightly in comparison to the individual taxpayer. The corporations still will not be paying their proper share of the surtax or of all the other taxes for which they should be liable.

If this bill is to have something good in it, there should be a tax of 5 per cent on corporations and 3 per cent on individual income tax payers to provide some measure of equity and some application of the principle of ability to pay. In his budget speech of last June 3 the minister denied the surtax was a measure to raise additional revenues for the government.

• (5:20 p.m.)

May I quote what the minister had to say, as reported at page 9417 of *Hansard* for June 3, last?

> In making this proposal tonight I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

What the minister is really telling us is that he does not need the money. He intends to take $25 million this year, 1969, and $155 million in 1970 for a total of $180 million which he says he does not need. We in this group would like to be helpful to the minister. Since he says he does not need this money, and since he says he is imposing this tax in order to fight inflation and help stabilize the economy, we wish to assist him by indicating ways in which he could use this money he does not need.

Let us begin by drawing attention to a glaring case of need, a case where justice is due. I refer to the grain farmers. In the last crop year they exported some 305 million bushels of grain and we used about 150 million bushels domestically for a total of 455 million bushels. If the minister would take the $180 million additional revenue which he will get from this surtax and apply it so as to make available a deficiency payment of 40 cents a bushel to the grain growers of western Canada he would find that would just about use up the money he says he doesn't need. Another reason for my figure of 40 cents is that it represents the amount by which the farmers have been gypped by reason of the prices during the present and previous crop years. Here is a just direction for the application of funds which the minister tells us are not required for revenue. I say forty cents a bushel because wheat farmers took a 20 cent per bushel drop last crop year and twenty cents a bushel less in the current crop year.

If the bill passes the minister will get this money anyway. Surely, there must be an appropriate place to apply it. I have suggested a deficiency payment of 40 cents a bushel to the grain growers of western Canada. But if the minister does not think their case is justifiable he could easily use this money to increase old age pensions, the pensions of retired members of the RCMP, the CNR, the Public service and the Armed Forces all of whom have been miserably treated by a miserly Liberal government—the $1.60 a month boys.

I am not being facetious when I suggest these measures. My hon. friends on this side of the House have been making such proposals for many months. Indeed, a similar suggestion has been put forward by at least one hon. member on the government side to help relieve the difficulties which are facing hundreds of thousands of Canadians who are engaged in agriculture or in receipt of pensions. As I say, I am not trying to be facetious; I am putting these proposals forward as being a proper manner in which to spend this $180 million. The Minister of Finance (Mr. Benson) will still be left with a surplus of $100 million if his forecasts are reasonably accurate.

The minister made it clear that continuation of this surtax was meant to help fight inflation and promote the stabilization of the economy. But how can a tax increase of this sort—and I say it is an increase, because it was supposed to expire at the end of this year—help fight inflation when the greatest portion of it will be collected from the very people who are not contributing to inflation in any way? In fact, the tax will hit a great number of citizens who are among the first victims of inflation. Everyone needs to be concerned about inflation, of course, but when concern leads to a state of preoccupation which takes the form of perpetuating hardship on hundreds of thousands of Canadians while privileged corporations go merrily on their way, it is obvious that the government is guilty of the grossest kind of negative thinking associated with the old line dinosaur parties. If this were not the case, why would the government, in its war on inflation, be attacking the very people who are not contributing to it? I am speaking of the average and low income earner, the farmer, the small businessman and people like them who are the victims of inflation. Surely, the government in introducing a measure of this kind, is attacking the problem backwards. Why cannot the government attack inflation by hitting those

who are the cause of it? The cuts imposed by the government hurt its own employees and strike at sections of the economy which are already depressed. Failure to provide adequate increases in pensions for large groups in our society has the effect of ensuring that those groups will continue to be among the worst victims of inflation. I contend that the use of funds for purposes of the kind I have indicated could not be considered inflationary if the government were at the same time to take firm measures in the areas where inflation is caused.

Under the proposals before us the individual income taxpayer is to be taxed at a ratio of four to one for the balance of this year and three to one next year as compared with corporate taxpayers. I said earlier that the bill might have been more attractive had it proposed a 5 per cent surtax on corporations and a 3 per cent surtax on individual incomes. I say this in the light of the results—I suppose one could call it the success—which the corporate community is now achieving in Canada. It appears that up to the present they have been very little influenced by the government's anti-inflationary policies. Months of preaching and pleading by government spokesmen aimed at getting the private sector to exercise restraint have produced little or no result. We have all heard talk about the example the national government itself was trying to set. What effect has it had on the private sector? None which is readily apparent. In fact, to judge by the actions of a number of corporations in the last few months, it seems to have had the opposite effect. While the government was cutting back, it seems the corporations were doing everything they could to maximize their profits and improve their positions vis-a-vis those of their competitors.

The action of the Steel Company of Canada, recently followed by the rest of the steel industry, proves that the private sector either has no faith in the success of policies the government is following as far as inflation is concerned or else they intend to act entirely in their own selfish interest, and the national or public interest be damned.

• (5:30 p.m.)

Let us take a look at the condition in which the corporations find themselves. Let us look at what I consider to be the primary contributor to inflation, bank rates. Surely, high interest rates are a major factor in inflation. Surely, they hit the ordinary people the hardest and the "firstest." Banks have ignored the blandishments and pleadings of the Minister of Finance and the government. They have gone merrily on their own way. A surtax will not mean very much to them. Even an increase of 1/10 of one per cent in their interest rates will more than make up for any surtax they may have to pay.

In 1969 the Bank of Montreal enjoyed a very nice year with a net profit after taxes of $32.5 million compared to $25 million the previous year. This represents a 33 per cent increase. The Bank of Commerce had a net profit after taxes of $41.3 million compared to $32 million a year ago, representing an increase of 27 per cent. I should like you to inform me of any person in agriculture or a union member or a small businessman who received that kind of increase in the past year and a half. I submit you will not be able to find one anywhere in the country.

The Bank of Nova Scotia enjoyed a 26 per cent increase in its net profits, which jumped from $17 million to $27 million. The Toronto Dominion Bank enjoyed a 25 per cent increase. Its profits amounted to $17.8 million as compared to $14 million the previous year. The Royal Bank of Canada had the poorest increase. It only had a 12 per cent increase in its profits in 1969, that is $40.8 million as compared to $36.4 million. The poor old Bank of Canada, as compared with the others might be considered almost a social aid candidate. The total net profits of the seven chartered banks on my list in 1969 amount to $164,141,000 compared to $132,481,000 for 1968. That makes an average increase of 23.9 per cent this year over last year.

The Bible tells us how the money changers were driven out of the temple about 2,000 years ago, but it seems to me that the so and so's have snuck in the back door since. Today's interest rates amount to usury. This contributes to these unconscionable profits which make the people of our country victims of inflation through victimization by the banks. This cannot be allowed to continue.

To suggest that a 3 per cent surtax will fight inflation is just sheer nonsense. No corporation, Bank or any kind of big business will really be affected by this tax because they can easily absorb it. The surtax figures we have show $5 million for 1969 and $40 million for next year in respect of corporations. They will absorb that increase very easily through price increases and through a marginal increase in interest rates that most of us will not notice. These institutions will not be affected in the slightest. They will not be harmed. They will still have all the money

they need to put into our economy and make inflation worse. Unless some kind of stop is put on excess profiteering and usury in the form of high interest rates, the surtax cannot fight inflation. It will just perpetuate the situation.

Let us take a look at a few other candidates for the social welfare list, if one is to believe the private enterprise spokesmen. I refer to those that will not be hurt or affected by the surtax on their corporate incomes. Surely, everyone knows about the increase in the cost of living, and how rising food prices affected it. According to the Dominion Bureau of Statistics summary of quarterly corporate profits after taxes for 1968-69, the food and beverage industry in the first half of this year showed net profits after taxes of $115 million, an increase of $27 million over the first six months of the previous year. According to the DBS figures, the food and beverage industry in 1967 had a net profit after taxes of $191 million. This went up to $227 million in 1968 and the forecast is that there will be a similar increase in profits after taxes in 1969.

I mentioned the steel industry a minute ago. Let us look at the figures in this DBS report regarding the primary metal industries. In the first six months of 1968 they had net profits after taxes of $113 million. In the first six months of 1969, they showed profits of $129 million. It is interesting to note that this was at a time when the Minister of Finance was pleading with the private sector to show restraints. At the end of six months this year their profits are $16 million higher than they were for the first six months of last year. The steel industry then proceeded to slap on a six per cent increase on prices for steel. The steel manufacturers need this increase like they need another hole in the head. If these were good corporate citizens they would be as concerned and interested as anyone else in fighting inflation and would take some responsible course of restraint. Instead of that, their greed runs away with them at a faster pace than ever.

Let me refer to some other poor organizations the Minister of Finance does not want to be too hard on. Let us take the chemical and the chemical products industries, our friendly polluters. They had a net profit after taxes last year of $134 million. At the present rate of profit, in the first two quarters of 1969 they will show an increased profit of $16 million after taxes over last year.

The finance, insurance and real estate sector, which includes our friendly bankers, seems to be in terrible shape. In 1967, they showed net profits after taxes of $391 million. In 1968 things looked up for them and they managed profits in the amounts of $530 million. In the first six months of 1969, this sector of our society showed net profits of $296 million after taxes, an increase of 47 per cent over the first six months of 1968.

Unless the Minister of Finance, this government and Parliament places ceilings or restrictions on the kind of excess profiteering and greed the private corporate sector is showing, all the tax bills in the world designed to fight inflation will have no effect. These companies will simply raise interest rates and prices in order to absorb this tax increase.

It might be interesting to note those sectors of the economy referred to in this same DBS quarterly table which are not showing these increases in net profits. The category known as "other non-manufacturing," which includes agriculture, forestry, fishing and construction, in the last quarter of 1968 is shown as having had net losses in total of $18 million. In the first quarter of 1969, they showed no profits after taxes, and showed net profits after taxes in the second quarter of $10 million which is down $2 million compared to the first six months a year ago. Farming, fishing, forestry, construction, wheat, houses, fisheries and the lumber industry have all been in a depressed state. That is the reason I suggest this is the type of area in which the minister might use the $100 million he says he does not need. To think that we can expect this part of the private sector, the corporate giants, to act as fine, upstanding corporate citizens voluntarily heeding the plea of the government and the Minister of Finance is a delusion of some large proportion because this has been tried before and did not work. But Liberals never learn. They are the same breed of cats now they were in the 1930's, the 1940's and the 1950's. They never learn. They still practice dinosaur policies which did not work in the past.

• (5:40 p.m.)

Some Liberal members may really believe that if the minister asks nicely, these corporate giants, these excess profiteers in a time of inflation, will listen and scurry back to their board rooms and will not increase prices and interest rates but will voluntarily lower profits in order to fight inflation. The Minister of Finance and the government seem to believe this when they call for these

restraints from the private corporate sectors. Again, they delude themselves. Again, they mislead the public into thinking this is the proper way to fight inflation. They quickly bring in mandatory legislation and orders in council in respect of the public sector but quietly ask the private sector to voluntarily limit their actions. Never if the government lives to be 1,000 will it see the day when this will happen. These are the causes of inflation. It is not the low and medium income areas we are asking to pay the 3 per cent surcharge which are causing inflation. They are the victims of it. I suggest to the Minister of Finance that if he has to have a surtax he should collect it from the banks, financial institutions and corporations which are taking ever-increasing profits at a time like this. There is no excuse for this. It is not good Canadian corporate citizenship. It is betrayal.

These corporations will absorb through price increases any kind of tax increase the government places on them. If this government wishes to really effectively fight inflation, it will place restrictions on increases in profits and from corporations. The government might even think of going back to the old excess profits tax which was in effect during the Second World War. I do not think it was used well enough, but it was something. Unless something of this nature is done, inflation will continue. I am no economist. I do not know too much about economics except these simple things about which I have been talking. I can get these things through my head. What bothers me is that we have a depression. Some people call it a recession. The only difference between the two is that it is a recession when you are out of a job and it is a depression when I am out of one. Whatever we call it, whether a recession or depression, we have it in many sections of our economy while we are having inflation. I always thought the two were separate and did not happen at the same time. But no, this Liberal government has managed to organize a mix of the two. Of course, we could depend on a Liberal government to do this.

When the extension of the surtax was announced the government painted a very rosy picture of what would happen. As recorded at page 9414 of *Hansard* for June 3, the Minister of Finance said:

> As for the state of the economy, one of the most important highlights detailed in the Budget Papers was the gathering momentum of activity toward the end of 1968, and the carrying forward of a strong advance into the current year. All elements of demand—consumer expenditure, capital investment, exports and total public spending—have contributed to the acceleration. Real production has turned strongly upward and unemployment, which reached a high point of 5 per cent in the middle of last year, has since declined.

This would make a humorous skit for the New Democratic Party's Christmas caucus party tonight. It is very funny. It is not funny however, for the people who have been fooled by it. Let me proceed a little further:

> There have also been a number of important developments in our trade, the balance of international payments, and our foreign exchange position, especially in regard to arrangements with the United States. These have been set out in the Budget Papers, and it will not be necessary for me to review them in speaking this evening.
>
> Looking forward at this time to the balance of the present year, we can now expect a growth rate stronger than in 1968 and considerably stronger than we anticipated last October.

One might laugh again.

> With a gain in employment of about 4 per cent, an advance in real output of better than 5 per cent, and assuming an increase in prices about the same as last year—

One has to chuckle again.

> —the gross national product is likely to rise by 9 per cent.

What a rosy picture the minister painted last June 3. It is not so rosy any more. Now, he wants to extend his 3 per cent surtax. There is another little item which appears in today's Toronto *Telegram*. The heading is "Canada alone in output drop". The report states:

> Canada is the only one of 12 leading industrial countries of the western world to show a slump this year in its industrial production.

Mr. Saltsman: On a par with Portugal.

Mr. Benjamin: Yes, but Portugal is a member of NATO; it is a friend of ours. Is it not strange that we have a drop in production at the same time that the taxes increase and bank profits go up. What in blazes is going on? I admitted my ignorance in economics and fiscal matters. I wish the parliamentary secretary or the minister would elucidate in simple terms for me and for my hon. friends opposite, because I am sure they are as puzzled over this type of thing as I am.

The surtax bill is unjust and unfair. It places more taxes on the victims of inflation. It applies insufficient taxes on those who cause inflation. It is a typical Liberal government step backwards! I for one, and I know my colleagues on this side of the House, could not look ourselves in the face tomorrow, let

alone look at anybody else's, if we were to support this kind of outrageous measure, this façade for a war against inflation, coupled with the minister's statement that he does not need the money. I do not mind being kidded and fooled a little bit; I do not mind a little horseplay and a few practical jokes. This might be funny to look at six months from now or a year from now, but it is not funny now to the victims of inflation. It is not funny when one watches the increases in profits after taxes of those people who are not affected by the minister's tax proposals. These are the people who ignore the needs of this nation, ignore the national and public interest; who think only of themselves and their few shareholders. These are the people who sit in boardrooms outside our borders and make decisions, without any concern or reflection about Canada, the place where they have all the privileges and where they can take without giving.

• (5:50 p.m.)

Until this government or any government brings in a meaningful tax reform and an equitable tax system no one in this group will support these patchwork, idiotic, stupid tax measures. They are just nonsensical. No evidence has been presented to show how a bill like this has worked in the past two years or, if it is passed by the House, will work in the coming year, "for the purposes of economic stabilization" in the minister's own words. What slightest bit of evidence does the minister have that in the past two years the measure has accomplished this? There is none. The fact is that the opposite took place. I will make a little prediction—and my crystal ball will not be any more cloudy than that of the Minister of Finance—that the opposite will take place also next year, whether or not this measure passes. This measure will not make the slightest difference to the government's phoney fight against inflation. It will have no effect on restraining the private sector. When I say, "the private sector" I am sure Your Honour realizes I mean the private corporate sector, including our lovey-dovey finance companies and our friendly bankers across the street.

I plead with the government to do something better than this. They have the brains and the talent, if they would just get rid of their outmoded beliefs and ideas, their 19th century Victorian concepts of running a nation. Forget about the surtax and bring in legislation that, in a time of inflation will restrict those who take excess profits. The government could reduce profits by way of an excess profit tax or by way of selective price controls.

Give us a prices review board. We hear much about the government's concern about rising prices and about unjustified price increases which contribute to inflation. We have a Prices and Incomes Commission which, in my opinion, is the largest and most colourful wallpaper job I have ever seen. It is not going to do anything. It will not have any authority or any power. To my knowledge, it has not done any effective investigation into price increases over the past several months in several major industries in Canada. Let us put some teeth in the prices and incomes commission. That will do more to achieve the economic stabilization which the minister wants than a two bit measure such as this one—two bits from corporations, but much more than that from individual taxpayers.

There are many other ways in which the government could heed some of their own people. They could even heed the odd person on the opposite side of the House. They could heed the Economic Council of Canada. They could heed the Canadian Labour Congress, the pensioners associations, the Federation of Agriculture and the National Farmers Union. I would not expect them to agree to and implement every demand placed on them by all these organizations, but surely they could change what they have been doing.

I will repeat that I cannot support such a measure and I hope the government will have second thoughts about it. I hope they will withdraw it and bring in other measures. Failing that, they could at least amend the surtax bill so that the taxes paid by each corporation would be equal to those paid by the individual.

ROUTINE PROCEEDINGS

BILINGUALISM AND BICULTURALISM

TABLING OF THIRD REPORT OF ROYAL COMMISSION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, pursuant to Standing Order 41 (2) I table herewith in both official languages Book 3 of the report of the Royal Commission on Bilingualism and Biculturalism.

Air Transport

AIR TRANSPORT

AIR TRAFFIC CONTROLLERS—ANNOUNCEMENT OF SETTLEMENT OF DISPUTE

Mr. Speaker: Before the minister makes an announcement he has to obtain leave of the House to return to motions. Is this agreed?

Some hon. Members: Agreed.

Hon. C. M. Drury (President of the Treasury Board): I am pleased to announce to the House that the government and the Canadian Air Traffic Control Association have reached agreement on a contract, subject only to ratification by the association membership.

Some hon. Members: Hear, hear.

Mr. Drury: The agreement covers all of the issues that were in dispute, including hours of work, pay, terms of agreement, vacations, training, shift differentials and designated holidays.

The parties have agreed not to release further details until the ratification process is completed.

I would just like to add my own personal tribute to the hard work and responsibility shown by both sides of this dispute, whose representatives have been working hard at it behind closed doors since this morning. It is due to their hard work that we have this agreement.

Hon. Robert L. Stanfield (Leader of the Opposition): I would just like to say very briefly that I am sure all members of the House and the country at large will be pleased to learn that an agreement has been reached, subject to ratification which we hope will be forthcoming. I hope that this agreement will not only bring peace and continued service for those travelling by air during the Christmas holidays but that it incorporated also provisions which will ensure an adequate ground service and conditions to provide suitable recruitment; that, in brief, it will ensure that this very highly skilled personnel will be available in sufficient numbers to provide safe air travel to people using Canadian airports and air space.

As I said, I am sure that every member of the House and the whole country will be greatly relieved. I hope that it will be possible for the government—I say this without being facetious—to develop machinery to avoid such cliff hanging situations.

[Mr. Trudeau.]

• (6:00 p.m.)

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure there will be a sigh of relief across the country that a settlement has been reached, subject to ratification by the government of Canada and the Air Controllers Association. A great many people have been perturbed, specially those who were planning either to have some of their family return for Christmas or were planning to go somewhere for Christmas to visit friends and relations. I am sure many hon. members have had, as I have had, most pathetic letters and telephone calls from people who thought their season's arrangements were going to be upset in the event of a strike. I know there will be a great feeling of satisfaction that there will be no strike and that air services will continue at a normal rate.

I would like to express the hope for two things. The first is that the Minister of Transport (Mr. Jamieson) is going to continue with his studies into the whole question of strain and tension on air controllers. The evidence in the United States indicates that this is a group of workers who have special stress and who ought to have some special working conditions. It also indicates the need for training a great many more of them so that they will not have to work the very long hours they are required to work now, and this not only because of the effect on their health but because of the effect on the safety of the community.

Without injecting a jarring note or wanting to spoil the happiness of the President of the Treasury Board (Mr. Drury) at having reached a settlement, I wish to say it seems to me that these negotiations with government employees ought not to be dragged out for six or seven months on some issues that it seems to me perfectly obvious could have been settled long ago. For instance, you get simple requests that they should not be required to work more than 12 hours in one day, or more than ten consecutive days without a day off. I would have thought these things could have been settled long ago. The real question, Mr. Speaker, and may I say—

Mr. Speaker: Order, please. May I bring to the attention of hon. members—would the hon. member kindly resume his seat? I have to bring to the attention of hon. members that it is now beyond six o'clock, and if we are to proceed with the debate there should be unanimous consent. At the same time, I think

we should all be fair to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and to a representative of the Creditiste party. I would hope that, taking this into account, hon. members would want to grant unanimous agreement to allow the hon. member to complete his statement and also to allow a representative of the Creditiste party to make a statement.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I can say what I have to say in two sentences. One is that I think the invisible guidelines, which the Prime Minister (Mr. Trudeau) keeps insisting don't exist but which the negotiators who sit down with employees insist do exist, ought not to be continued unless the government is prepared to guarantee employees that they will have some protection in the matter of prices, rents, and interest rates. The other thing I wish to do is to congratulate the President of the Treasury Board on having successfully concluded an agreement.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we are also quite pleased with the announcement made by the President of the Treasury Board (Mr. Drury). I believe those negotiations have been quite successful. We must also commend the two parties, and we believe that it was the most economical way of solving the difficulty.

[*English*]

Mr. Speaker: Order, please. I assume that in the circumstances there will be a disposition on the part of hon. members not to proceed with the motion of which the Leader of the Opposition (Mr. Stanfield) has given notice, and if this is agreed I invite the Leader of the Opposition to withdraw it.

Mr. Stanfield: Mr. Speaker, unless there is unanimous agreement that we could change the subject of the motion then since the motion has served its purpose, I am very happy to withdraw it.

Mr. Speaker: It being after six o'clock, this House stands adjourned until two o'clock tomorrow afternoon.

It being seven minutes after six the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, December 18, 1969

The House met at 2 p.m.

HOUSE OF COMMONS

PROMOTION OF ALEXANDER SMALL TO POSITION OF SECOND CLERK ASSISTANT

Mr. Speaker: I am pleased to inform hon. members of the promotion to the position of Second Clerk Assistant of the House of Commons of Mr. Alexander Small. Mr. Small will continue to serve as Director of Legislative Services. I am sure hon. members will be gratified at this recognition of the services of this loyal, competent and highly esteemed table officer.

PRIVILEGE

MR. STEWART (COCHRANE)—PROCEDURE FOR DEALING WITH PRIVATE MEMBERS' BUSINESS

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I rise on a question of privilege which affects me personally and the principle of which affects all hon. members who are considered as backbenchers. Yesterday an announcement was made by the Department of Finance that effigies of former Prime Ministers would be placed on Canadian currency. This is a measure which I welcome, but it is one which I introduced in the form of a private member's bill during the last session on February 6, 1969, as found on page 5213 of *Hansard*. That private member's bill has been sitting on the Order Paper for almost one year and now a decision by a department of government puts into effect the subject matter of that bill without referring to it.

All hon. members are encouraged to take an active part in government and to bring forth new ideas. However, the system used according to the rules of the House to deal with private members' bills is such that backbenchers do not have sufficient opportunity to participate in the way they should.

To illustrate how the detail of the announcement coincides with what I did last February, let me say that after introducing my bill I outlined some suggestions for dealing with it, such as keeping the effigy of Her Majesty on one of the denominations. I even ventured an opinion, wrongly as it turns out, that the right hon. member for Prince Albert (Mr. Diefenbaker) would not comment on it because he would be torn between two great loves. However, the bill has never had the opportunity to come before the House because of a silly method for determining the business of private members.

• (2:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Stewart (Cochrane): Before the second session began all of the bills were thrown together and drawn from a hat in order to determine their precedence. It seems to me that legislation should not be considered as a matter of chance. When a member waits for a long list of bills to be disposed of throughout one session he should not be obliged to wait for another list to be disposed of in a new session before being able to deal with his bill. When a member suggests a piece of legislation which is adopted by the government almost one year later, should he not be entitled to at least a teeny bit of recognition?

Therefore I move, seconded by the hon. member for Timmins (Mr. Roy):

That the matter of dealing more efficiently with private members' business be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Order, please. As hon. members know, a determination has to be made by the Chair on whether there is a prima facie case of privilege in the circumstances alleged by the hon. member for Cochrane.

The hon. member has given the Chair the required notice and I have had an opportunity to give very serious consideration to the grievance which he has brought forward. I use the word "grievance" advisedly because in my humble opinion what the hon. member is submitting for the attention of the House at the present time is a grievance rather than a question of privilege.

If there is, as he suggests, something wrong with the procedure adopted by the House for dealing with private bills that, of course, is a matter that ought to be considered in the usual way by the Committee on Procedure of the House of Commons. I would suggest to

the hon. member that this is the kind of situation which may well be considered by that committee. Indeed, I have indicated to the House on previous occasions that the whole area of private members' business, not only private bills but private members' resolutions and the submission of private members' motions, should be considered by the Committee on Procedure at an early date. I have already made this suggestion to the members of the committee. I will reiterate the suggestion in view of the representations now made by the hon. member. I would think that in the circumstances I should rule that although there may be a legitimate grievance there is no question of privilege on which the motion which he has suggested might be founded and put to the House at this time.

[*Translation*]

ROUTINE PROCEEDINGS

HEALTH, WELFARE AND SOCIAL AFFAIRS

First report of Standing Committee on Health, Welfare and Social Affairs on the use of tobacco and cigarettes, in both official languages.—Mr. Isabelle.

[*Editor's Note: Text of foregoing report appears in today's Votes and Proceedings.*]

[*English*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. Ian Watson (Laprairie) moved that the second report of the Standing Committee on Indian Affairs and Northern Development, presented to the House on Tuesday, December 16, 1969, be concurred in.

Motion agreed to.

AGRICULTURE

REFERENCE TO STANDING COMMITTEE OF CONSIDERATION OF ALTERNATIVE DAIRY SUPPORT PROGRAMS

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, there have been some discussions through the usual channels and I think there is general agreement that I may seek unanimous consent from the House to move a motion in the following terms:

That the Standing Committee on Agriculture be empowered to consider and report its recommendations on or before February 17, 1970, on alternative programs designed to utilize the funds available for dairy support in the forthcoming year in such a manner as to bring dairy production and consumption into better balance, thus increasing the net income of industrial milk producers through decreasing the cost to them of moving quantities of dairy products into export.

If there is consent—

Mr. Speaker: Is there agreement to submission of this motion at the present time?

Some hon. Members: Agreed.

[*Translation*]

Mr. Speaker: Is the hon. member for Lotbinière rising to indicate that he does not agree that the motion should now be put?

Mr. Fortin: Mr. Speaker, I rise on a point of order.

We are ready to accept the motion of the Minister of Agriculture. However, there is a point which remains to be cleared up before we give our approval, and that is whether the report on the study on the dairy industry made by the committee on agriculture during May and June last will be tabled in the house and whether it has anything to do with the minister's motion.

If it is two different matters, we cannot give our approval but if, on the other hand, it is a report on that study, we will gladly give our consent.

[*English*]

Mr. Olson: Mr. Speaker, I cannot answer that without getting into a debate. All I can say at this point is that I did consult with the House Leader of the Ralliement Créditiste yesterday. He indicated to me then that they would be agreeable to having this matter referred to the Standing Committee on Agriculture.

The other part of the question is whether some of the findings or studies that were made in certain parts of Canada during May and June last year would be incorporated into the recommendations. I suggest it would be up to the committee to do that if they chose.

[*Translation*]

Mr. Fortin: Mr. Speaker, we lay down a stipulation. We shall give our consent provided

we are allowed to ask the committee to take the minister's words into account.

[*English*]

Mr. Speaker: By unanimous consent, Mr. Olson, seconded by Mr. Macdonald (Rosedale), moves:

That the Standing Committee on Agriculture be empowered to consider and report its recommendations on or before February 17, 1970, on alternative programs designed to utilize the funds available for dairy support in the forthcoming year in such a manner as to bring dairy production and consumption into better balance, thus increasing the net income of industrial milk producers through decreasing the cost to them of moving quantities of dairy products into export.

Motion agreed to.

HOUSING

STATEMENT ON URBAN RENEWAL

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, after personal meetings and discussions with the responsible ministers from the provinces I announced on August 14 that:

Until a more well defined and logical long-term Canadian urban renewal policy can be formulated and enunciated, municipalities with urban renewal schemes presently in preparation will have to elect either to suspend further study or, alternatively, to complete their work in the knowledge that additional federal funds for implementation of the schemes may or may not be forthcoming.

At that time, also, I approved six projects and authorized negotiation for limited participation in six more. Shortly following that action, all municipalities preparing urban renewal schemes were informed of this announcement by letter.

More recently, Monday, December 8, I informed hon. members in the House that we have launched a full inquiry into the whole process of urbanization in an attempt to establish a set of rational objectives and a co-ordinated policy and program framework at the federal level, involving consultations with provincial governments and other interested parties. Our basic concern is to see that the causes and not just the symptoms are dealt with and that existing or proposed new interventions are related and productive. The urban renewal program, as administered under the National Housing Act—1964 amendment—is but one small component of the broad and complex process of urban redevelopment. Urban growth reflects the actions of three levels of government and numerous private market forces; yet this one intervention—urban renewal—particularly, has not been linked with these other actions.

The program is an extremely rigid instrument. It is rigid in its requirement for a three-stage process—study, scheme, implementation—and in the resulting commitment to action in a tightly designated small section of a city. The process is tortuously long, resulting too often in stagnation and, in its final focus, removing the flexibility of a municipality—for example, in applying resources to a series of perhaps dispersed but planned interventions for clearance, rehabilitation and redevelopment.

Moreover, in the absence of clearly defined economic and social goals, including the provision of housing for the most disadvantaged income groups, the program appears to have served a multitude of often contradictory purposes which were never foreseen in the original definition. For example, as a result of urban renewal activities to date, there has been a net loss in low income housing stock.

As I said on December 8, we are embarked upon a deep study of the urban process—identification of the determinants of urban growth, the causes of urban problems, the inter-relationship of governmental action at and between each level, and the other forces at work. At this stage, I admit quite freely that we are impressed mainly by the complexity of the social systems that cities have become. The finding of solutions will be a major undertaking involving much expertise, all governments and the public—consultations which we will seek and welcome.

• (2:20 p.m.)

In the meantime we do not see the wisdom or justification for an expansion of government intervention, of major new dimensions, in programs such as urban renewal, some forms of which are doubtful in their results. We see rather a need for more emphasis on low income housing and such investments that provide clear and more immediate benefits.

If, Mr. Speaker, I accepted only those urban renewal schemes about to be brought to the implementation stage, the federal treasury alone would be involved in ultimate expenditures approaching $400 million and loans up to two-thirds of the total grant. Provincial and municipal expenditures would have been on a similar scale. No rationale could be

devised to support an immediate decision to commit such a level of expenditure when so little is lost in this pause until a sounder basis is provided.

Having said that, however, I should note that even in this transitional stage, Mr. Speaker, there are some schemes to which all three levels of government have an identifiable commitment and which, in our view, can be accepted within the general concerns I have expressed. Over and above the six on which negotiations started in August, there are 12 such projects distributed between the eight provinces of Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

Within specific dollar amounts in each case, I am offering to the provincial ministers responsible and have authorized CMHC officials to proceed with negotiations toward at least partial implementation of these additional 12 projects. To fund the federal grant share of these and other approvals up to and including this year, federal expenditures for this program will be maintained at a level of approximately $25 million annually for the five-year period 1970 through 1974.

Mr. Stanfield: That is a big deal.

Mr. Andras: This compares with expenditures of $7.5 million in 1967, $12.5 million in 1968, and $23 million in 1969. Beyond that, further investments in urban renewal are most unlikely at least until the urban policy review is completed next year, and it is quite possible that the results of that review will indicate the need for new directions and programs of urban assistance.

For those communities with schemes in preparation but not ready or not approved, I have asked my officials to re-examine each project in order to determine whether some of the work they wish to do can be accomplished by other NHA programs—land assembly, section 16 or section 40 loans, public housing, sewage treatment loans—or whether they can be assisted by other federal departmental programs. Some municipalities have already begun to negotiate redevelopment with private sources—I understand with some reason for optimism—and others may wish to do the same, based upon the schemes prepared. Should communities wish to de-designate the areas set aside for urban renewal, we shall certainly honour our commitment to contribute to the cost of the scheme preparation completed to that date.

[Mr. Andras.]

In conclusion, Mr. Speaker, I wish to say that inherent in this approach I have outlined is a principle to which I subscribe, that of the need for constant program evaluation. Even the most well intentioned plan conceived can encounter unforseen weaknesses and changing priorities and conditions when executed. Failure to undertake critical evaluation as a constant requirement so that these weaknesses are identified, or failure to adjust to the need for change, even though inconvenient and sometimes painful, leads to the waste of scarce resources and would be irresponsible.

Mr. Baldwin: There is not much enthusiasm in that statement.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, at long last the Minister without Portfolio responsible for housing has made a statement on urban renewal. But his statement says nothing.

Some hon. Members: Hear, hear.

Mr. Alexander: It is nothing but a slap in the face for the cities.

Some hon. Members: Hear, hear.

Mr. Alexander: On the basis of the statement, I submit it is clear that the government is not giving leadership in this area. It ought to give more leadership and ought to make sure that the three levels of government confer with a view to solving the problems that beset our urban centres. What concerns me more than anything is that the cities have difficulty in gaining the ear of the government. I hope the minister will, in his sincerity, support the proposition that this party has recently stated in terms of so structuring the parliamentary committee on the constitution that we will be able to have dialogue, consultation and direction from the cities. Perhaps here we will get the answers.

Urban renewal is a fact. I am surprised the minister did not state it is not the fault of the cities that they have so obviously gotten into this mess but rather the fault of this government and its bureaucracy for entering into programs without giving them any study whatsoever.

Some hon. Members: Hear, hear!

Mr. Alexander: The former minister in charge of housing indicated, when he suddenly realized what was happening, that he had found out it would take 120 years before we

would be able to pay for the renewal schemes that are on the boards. He also said he had great sympathy with the cities which had thought the money would be available. This is the point, Mr. Speaker. It is the fault of this government rather than the cities with respect to their plans for urban renewal.

The minister indicated there would be $25 million per year available between 1970 and 1974. This is an illogical statement, Mr. Speaker, when we think of all the money that has been spent—$125 million wiped out with respect to Expo, the cost of the art centre jumping from $9 million to $46 million and on the CBC, which is questionable in many respects, some $200 million. In addition, recently the Minister of National Defence (Mr. Cadieux) approved construction of a $28 million departmental building. If we are talking in terms of money, Mr. Speaker, where is the rationale with respect to the minister's statement?

The city of Hamilton—and when I say this I speak on behalf of all cities—is looking for leadership and guidance in this area. They are going to be very disappointed and dismayed. The minister mentioned money in his statement. We do not know yet how much money will be available for each city. I know the city of Hamilton was supposed to receive a $5 million federal contribution and only received approximately $2 million. Is the minister, through this program, going to give the city of Hamilton another $2½ million?

I am pleased the minister mentioned public housing. The Hon. Stanley J. Randall, speaking on behalf of Ontario, and I am sure this applies to other provinces as well, stated:

> To date, the federal guidelines on public housing have not been established and this is making itself felt in large areas like metropolitan Toronto where uncertainty over size and design is affecting planning for further projects.

The Canadian Welfare Council has stated that we require 30,000 public housing units per year. I wonder how much of the government's program for one million units is going to be geared to actual public housing? I do not have the figures for 1969 but in 1968 there were only 13,527 such units constructed.

In conclusion I wish to say I am ashamed that the minister has not brought out his guidelines on public housing. As a matter of fact, he has not brought out guidelines on anything.

Some hon. Members: Hear, hear.

Mr. Alexander: The minister indicated he would give us guidelines for urban renewal and public housing. In the long run, he has not given us any guidelines at all. All he has given us is the same story that he has been telling for some time. I wonder whether the minister cannot make a statement on guidelines for urban renewal because this government is studying the constitutional problems as they affect the cities. I understand there is a problem among the government frontbenchers as to what role the federal government will play. Perhaps we will have to wait until the government makes up its mind as to the role it can play in solving urban problems before it definitely decides what it is going to do with respect to urban renewal.

• (2:30 p.m.)

Mr. John Gilbert (Broadview): Mr. Speaker, after hearing the statement by the Minister without Portfolio (Mr. Andras), is it any wonder the former minister in charge of housing, the hon. member for Trinity (Mr. Hellyer), resigned? I should like to preface my remarks by saying that the minister now in charge of housing is a very able, sincere and concerned person. He possessed these qualities when he was involved in Indian affairs but when he began to demand action to bring about a better deal for the Indians he was quickly shunted out because his ideas were not those of the government.

We now find him in exactly the same position with regard to housing. His ideas are not those of the government or, especially, of the Prime Minister who does not believe in active federal participation in housing. This is why the minister had to content himself with such statements as "we must await a better defined long term Canadian urban renewal policy", and that he is deeply impressed by the complexity of the problem. Mr. Speaker, the failure to produce urban renewal policies can be placed squarely on the present government for its lack of leadership and initiative in this field.

Between 1946 and 1969 hon. gentlemen opposite have spent a mere $186 million on urban renewal and have erected a Berlin wall of obstruction and frustration in the way of its success. In 1964, when the amendments to the National Housing Act with respect to the financing of urban renewal were passed, they were put into effect in three stages. Assistance was promised in the financing of studies undertaken by municipalities in the area of urban renewal schemes.

Experience showed, however, that many municipalities had neither the money nor the planning staffs to make this scheme a success. Therefore in 1967 the government proposed amendments to the act and from 1967 to the present time no initiative has been taken in this field even though cabinet approval was given. As to the second phase, assistance in the preparation of schemes, the municipalities were required to make a financial contribution amounting to 50 per cent, a demand which imposed further hardship on them.

The third stage of the implementation of the scheme turned out to be a real failure. Not only did the government impose a 50 per cent financial contribution but no provision was made in legislation or otherwise in connection with the setting up of schools, recreational centres, day care centres and the like. In addition, the expropriation laws prevailing at that time worked severe hardship on those who had to deal with urban renewal. Again, zoning regulations and tax structures further hampered any real development in the field.

When the hon. member for Trinity, the integrated one-man band in the housing field, set forth in his task force report the notion that urban renewal and public housing were the areas of failure, making them the whipping boys, he did a great disservice to Canada. Since that time there has been a freeze on housing and urban renewal; only a slight thaw has been noticeable on the part of the minister presently in charge of housing. Is it any wonder he is only perpetuating the failure of the government in the field of urban renewal?

We in the New Democratic Party believe there should be active participation and partnership among the three levels of government together with all others involved in urban renewal. We ask the minister to call an immediate conference of all departments and agencies of government which are concerned in this matter. Second, we call for active federal leadership and initiative in helping to solve the problems of urban renewal. We heard the minister say he is making an allocation of a mere $25 million a year toward urban renewal. This is a serious disappointment to us. We ask for further financial assistance in this area so that the municipalities and provincial governments can play a more active part in attacking one of the main causes of the difficulties which beset our cities today. We in the NDP are greatly disappointed in the minister's statement.

[Mr. Gilbert.]

BUSINESS OF THE HOUSE

PRIVATE MEMBERS' PUBLIC BILLS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise to ask the unanimous consent of the House under Standing Order 43 to move a motion which I shall place before you in a few moments. I may say as evidence of the urgency attached to this request that I decided to seek consent to this motion only after hearing the hon. member for Cochrane speak this afternoon.

The present Standing Orders in relation to private members' bills are part hypocrisy and part stupidity. I feel that private members should at the earliest opportunity be provided with a better method of putting forward their public bills. Therefore I ask the consent of the House to move the following motion:

That the Standing Committee on Procedure and Organization review Standing Orders dealing with Private Members' Public Bills with a view to making a report to the House with a recommendation that changes be made including the right to allow a recorded vote on some of such bills.

As further evidence of urgency may I say that this motion closely parallels a motion which appears in my name under private members' motions as No. 39, and that I am foregoing my right to make a speech on it by putting forward at this time the motion which I have just read.

Mr. Speaker: Hon. members have heard the suggestion made by the hon. member for Peace River under the terms of Standing Order 43 which requires unanimous agreement. Is there such unanimous consent?

Some hon. Members: Yes.

Some hon. Members: No.

Mr. Macdonald (Rosedale): No.

An hon. Member: Your own backbenchers will turn against you.

Mr. Macdonald (Rosedale): You did not want to talk about it last year.

BROADCASTING ACT

PROVISION OF EQUAL TELEVISION TIME FOR ELECTION CANDIDATES

Mr. Barry Mather (Surrey) moved for leave to introduce Bill C-174, to amend the Broadcasting Act.

He said: The purpose of this bill is to place all candidates during federal elections on an equal footing so far as some television coverage is concerned. The very high cost of television time prevents many candidates from using the medium and tips the scales in favour of those with large financial resources. The bill states that broadcasting undertakings shall provide each candidate with a total of 15 minutes free television time during the course of an election campaign.

Motion agreed to, bill read the first time and ordered to be printed.

QUARANTINE ACT

MEASURE TO PREVENT INTRODUCTION INTO CANADA OF INFECTIOUS OR CONTAGIOUS DISEASES

Hon. John C. Munro (Minister of National Health and Welfare) moved the first reading of Bill S-12 (from the Senate), to prevent the introduction into Canada of infectious or contagious diseases.

Motion agreed to and bill read the first time.

ORAL QUESTION PERIOD

BILINGUALISM AND BICULTURALISM

COMMISSION RECOMMENDATION CONCERNING FRENCH-SPEAKING UNITS WITHIN PUBLIC SERVICE

Hon. Robert L. Stanfield (Leader of the Opposition): I should like to ask the Prime Minister a question arising out of the publication of the third volume of the report of the Royal Commission on Bilingualism and Biculturalism. What is the position of the government with regard to the creation of French speaking units within the public service? Will the Prime Minister take this opportunity to state on behalf of the government that this recommendation denies any concept of effective bilingualism and that the creation of linguistic ghettos within the Public Service will not solve anything?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot, of course, make any comment. I received the two large volumes at six o'clock, when I tabled them in the House. It will take some time for the government to study them.

Mr. Stanfield: A supplementary question, Mr. Speaker. Does the government accept the assessment made by the royal commission as to the failure of the governments' attempts to encourage bilingualism within the Public Service and the methods followed?

Mr. Speaker: Order. Before the Prime Minister attempts to reply to the question I would suggest that this line of questioning should more properly be answered by way of a general statement which might be made on motions.

Mr. Stanfield: Mr. Speaker, I am simply attempting to ascertain the policy of the government with respect to certain very important and far-reaching recommendations made by the commission. May I ask a supplementary question with Your Honour's permission.

Has there been any change, or is any change contemplated, as a result of the report in the policy set out by the former Prime Minister, Mr. Pearson, underlining the primacy of merit in appointments and preferments within the public service? Will the Prime Minister assure the House that merit will continue to be the decisive consideration?

Mr. Trudeau: Mr. Speaker, how can I say whether there will be any change made in light of the recommendations until I have read the report?

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I have a supplementary question for the Secretary of State. Was the minister philosophizing, prophesying, or did he just have plain inside information when he said at the opening of the Public Service Language Centre on November 12 that units of the Public Service "might be developed in the future," using French as the working language?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am not a prophet, Mr. Speaker. I had no idea whatsoever at that time that this recommendation would appear in the report of the B and B Commission. The only reasonable explanation is the one that the hon. member appears to reject, that is that the recommendation is dictated by common sense and is an extension of the policy we are already applying.

[*English*]

Mr. Nowlan: Mr. Speaker, I hesitate to trespass any further, but in view of the importance of the question may I ask a further supplementary. Do I understand from the

minister's answer that in fact he has had no communication with either or both of the co-chairmen of the B and B commission, and that the statement he made when opening the Public Service Language Centre and the recommendation of the B and B report are just coincidental?

Mr. Speaker: The hon. member for Nanaimo-Cowichan-The Islands.

Some hon. Members: Answer.

[*Translation*]

Mr. Pelletier: Mr. Speaker, I just answered that question. I said that I had not been in touch with either the co-chairmen or the commissioners about that matter. However, I did tell the hon. member, who did not seem to understand, that it was not just a coincidence, but that such an initiative seems to be the normal extension of the action undertaken by the government at the level of the public service with regard to bilingualism.

[*English*]

ENERGY

REQUEST FOR REFERENCE TO COMMITTEE OF SUBJECT OF INTEGRATED POLICY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. My question arises from his exploratory discussions with Mr. Walter Hickel, Secretary of the Interior of the United States.

In view of the widespread interest in the subject of these discussions, and in view of the statement the minister himself made to the press, would the minister be prepared to move in the House reference of the whole question of an integrated energy policy to the appropriate standing committee or to a special committee so that Parliament could have an opportunity to review the subject, rather than be confronted with a *fait accompli* as was the case with the Columbia River treaty?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, I would be very pleased to consider the suggestion of the hon. member, but as he knows the Shultz commission is about to finish its work and report to the President. It may well be that in our continuing negotiations with the United States on this issue the question of oil policy will be settled independently of any broader initiatives prior to the reconvening of the House.

[Mr. Nowlan.]

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. In view of the minister's statement in the House the other day regarding what he alleged were the uneconomic aspects of transporting oil by pipeline from western Canada to Montreal, would the minister be prepared to table the working documents and data collected by the government so as to substantiate his statement?

Mr. Greene: Mr. Speaker, there were documents before the House as early as the Borden commission in regard to the cost of a pipeline to Montreal. My statement was to the effect that it is preferable to see Albertan oil being sold in its natural economic market, where it is profitable, rather than being sold where possibly it would not be so profitable to the producers, provided that the interests of consumers in Canada are adequately protected as well.

Mr. Douglas (Nanaimo-Cowichan-The Islands): A further supplementary question. In view of the fact that the sale of oil in the United States and the bringing of oil to Montreal are not mutually exclusive, would the minister be prepared to give the House the data from which members can ascertain the economic feasibility of bringing western oil to Montreal?

Mr. Speaker: I suggest that this kind of information could not be given now. The hon. member may be suggesting that this be done by way of a statement.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, on a point of order, I am not asking the minister to make a statement or to give the information now but merely to indicate whether or not he would be prepared to table the documents.

Mr. Greene: Mr. Speaker, there is no one document which would make this information available. There have, of course, been many studies in this regard. I would be very pleased to consider the request of the hon. member, and if it is deemed in the national interest to have a broad discussion, at the committee level or otherwise, then I would be very glad to consider the matter.

WATER RESOURCES

SURVEY IN NORTHERN ONTARIO BY U.S. ARMY CORPS OF ENGINEERS

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a related question for the

minister. A few days ago I asked the Acting Minister whether the presence of the United States Corps of Engineers in northern Ontario had anything to do with a survey of water resources, and the Acting Minister replied that he would make further inquiries. Has the minister any further report to make on the matter?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, I have been instructed that there are no members of the United States Army Corps of Engineers taking part in any federal water resources survey in northern Ontario. The only survey being made is a hydrological and hydraulic engineering study, and this is being undertaken in accordance with the announcement of the Prime Minister of Canada and the Premier of Ontario in August, 1965. This study is referable to the principal rivers in northern Ontario which drain into James Bay and Hudson Bay. This assessment of water resources is to provide information that is essential to their effective future utilization. The work is co-ordinated with that being undertaken by Ontario to avoid duplication. I would emphasize that these studies and investigations bear no specific relation to any water diversion project or proposal.

Mr. Speaker: Order, please.

[*Translation*]

ADMINISTRATION OF JUSTICE

SECURITY MEASURES TO PREVENT ESCAPES

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to direct a question to the Minister of Justice.

Is he able to tell us, now that the notorious Robert Gignac has been captured by the Quebec police, whether security measures will be taken in order to prevent this great friend of Lucien Rivard from escaping once again?

[*English*]

INDIAN AFFAIRS

POSSESSION OF GALLEY PROOFS OF BOOK BY HAROLD CARDINAL

Mr. F. J. Bigg (Pembina): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development, but in his absence I will address it to the minister who accepts responsibility for answering to the House on his behalf.

Would the minister inform the House by what means the Indian Affairs Branch came into possession of galley proofs of the book "The Unjust Society" by the Indian author Harold Cardinal without Mr. Cardinal's knowledge or consent? If an answer is not forthcoming and the question is to be taken as notice, would the minister also say whether the Indian Affairs Branch considers it part of its duty as trustee for our native people to censor the publications of Indian authors?

Mr. Russell C. Honey (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, a similar question was addressed to the Solicitor General a few days ago. If he wishes to reply to the hon. member may I refer the matter to him.

EXTERNAL AFFAIRS

MIDDLE EAST—ALLEGED VIOLATIONS OF GENEVA CONVENTION IN ISRAELI-OCCUPIED TERRITORY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, arising out of an answer by the Secretary of State for External Affairs to a delegation a couple of days ago in respect of allegations made that under Israeli occupation there are violations of the Geneva Convention and that civilians living in the area are being subjected to harassment, and because of the feeling of the Jewish people across Canada that an answer should be given in this regard, will the minister say whether during his recent sojourn in the Middle East he looked into this question and whether he concluded that there was no basis for the allegation? If so, why did he state to this delegation that he would look into the situation to find out whether there was any basis for the criticism put before him?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am very glad the right hon. member for Prince Albert asked this question because as he will see I did not authorize any such statement. A press conference was given by some of the delegates who were in my office. I was not present. I read with some surprise what was said. When they called on me I told them we have conducted exchanges with the Israeli authorities through the embassy here and otherwise and that the much broader question of an inquiry into the situation of civilians as a result of the Arab-Israeli conflict has of course been examined in the United Nations, but full investigation of the situation has not

been possible because of the lack of agreement between the parties.

Mr. Diefenbaker: May I ask the minister, in order to reassure the people of Jewish origin in Canada, whether consideration is being given to moving the Canadian embassy now located at Tel Aviv to the city of Jerusalem?

Mr. Sharp: No, we have no present intention to move the embassy to Jerusalem. As the right hon. member knows about as well as anyone in this country, he did not do so when he was Prime Minister and the same circumstances still prevail, namely, that Jerusalem is still pretty much a disputed area.

Mr. Diefenbaker: Did the minister not say at that time that we should take that course of action?

Mr. Sharp: On a question of privilege, Mr. Speaker, I was not a member of the House.

Mr. Speaker: Order, please. Is the right hon. gentleman rising on a question of privilege?

Mr. Diefenbaker: The statement was made outside the House.

Mr. Speaker: Order, please.

POLLUTION

GULF OF GEORGIA—RESPONSIBILITY FOR ISSUING OIL DRILLING PERMITS

Mr. Barry Mather (Surrey): Mr. Speaker, I have a question for the Prime Minister concerning water pollution. Has his attention been drawn to the statement by the government of British Columbia and the minister concerned that the government of British Columbia and not the federal government will make the decision whether oil drilling will be permitted in the Gulf of Georgia? This is an important matter to many British Columbians.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, my attention had not been drawn to this until a few moments ago when the hon. member was good enough to send me a note stating that he intended to ask the question. I believe this matter was dealt with at an earlier stage by the Minister of Energy, Mines and Resources but I shall check to see whether his attention has been drawn to this.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I should like to address a supplementary question to the Minister of Energy, Mines and Resources on this topic. In view of the statement to which my colleague from Surrey referred, would the minister make a statement in the House on motions to clarify the position because I feel the minister has not clarified the position in the House?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, I do not think a statement on motions would be of great advantage. The area of Georgia Strait comes inside the resource administration lines that the Prime Minister brought before the House a little less than a year ago in respect of offshore resources. In the event that the provinces agree to that distribution of administrative responsibility, then it could come within the provincial ambit of administrative authority, but to date the provinces have not agreed—

Mr. Speaker: Order.

Mr. David Anderson (Esquimalt-Saanich): Mr. Speaker, if I understand the minister's reply correctly, is he now stating that the offer to the province last year in respect of the Gulf of Georgia is still open to the province to accept?

Mr. Greene: This matter is still under discussion with the province.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the minister's previous statement in the House that both he and the Minister of Fisheries would have to grant permits before there could be drilling in Georgia Strait, may I ask the minister whether he will now make clear that he still has the power to make the final decision in respect of granting such permits and that they will not be granted if there is any danger to the fishing industry?

Mr. Greene: That is correct. Until there is provincial agreement this area, being outside the low water mark, still comes under the jurisdiction of the federal authorities in accordance with the decision of the Supreme Court of Canada on the reference to it. It is my view, even though it is a legal opinion to which I may not be entitled, that a permit would be needed from the federal authorities.

TRADE

CANADIAN REPRESENTATIONS AGAINST U.S. POSTPONEMENT OF CHEMICAL TARIFF CUTS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In view of

the request of the U.S. government to the European Common Market to further postpone scheduled cuts in United States tariffs on chemicals, has the government made representations to the United States government to comply with both the spirit and the letter of the Kennedy Round agreement in light especially of Canada's unilateral acceleration of tariff cuts under the same agreement?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, this is a very complicated matter and I might as well read the answer prepared for me. Members will realize why I said that in a moment. This reduction arose from the Kennedy Round negotiations and the undertaking by the U.S.A. to eliminate the American selling price system of customs valuation on certain chemicals. The Common Market and the United Kingdom agreed to undertake tariff reductions beyond the first two stages only if the U.S.A. dropped the ASP system. As the United States Congress has not yet abolished ASP, neither Europe nor the U.S.A. will move to the next stage of reductions in 1970. The most important part is the next sentence. The effect on Canadian exports is calculated to be very slight.

[*Translation*]

NATIONAL FILM BOARD

INQUIRY RESPECTING PUBLICATION OF ANNUAL REPORT

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to put a question to the Secretary of State.

Does the government intend to publish soon the annual report of the National Film Board for the year ended March 31, 1969?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not recall the date when the report is to be tabled in the House. I take note of the hon. member's question and I shall give him an answer later.

Mr. Asselin: Mr. Speaker, I have a supplementary question.

Did the minister receive, in September last, from the directors of the National Film Board, a five-year organization program? If so, could he table in the House the text of this program so that hon. members may see what it is about?

Mr. Pelletier: Mr. Speaker, I have received several programs, some of which relate only to financial matters and others to organization matters. I do not know which of these documents may be tabled and which ones contain government internal information but, after I have inquired, I will be glad to table those which may be tabled in the normal manner.

[*English*]

ORDER LEVYING CHARGES FOR USE OF FILMS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a supplementary question. During the time of the uproar with regard to the Film Board, part of which has been solved, I think, by the decision to appoint someone to look into the staff problem, will the minister freeze the decision of the board to charge rentals for films to schools and educational institutions, pending clarification of this decision which was made unilaterally without consultation with the provinces?

[*Translation*]

Mr. Pelletier: Mr. Speaker, I have already replied to a question that was substantially the same as the hon. member's. I said that this matter was being discussed by the officials of the National Film Board and that, as far as I am concerned, I have not had the time yet to find out what it is all about. Therefore, I cannot announce the decision to impose any freeze whatsoever.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a supplementary question.

Why did the director for the Prairies area send a notice to every organization concerned, indicating the new rates set for films, from January 1, since the minister says that—

Mr. Speaker: I suggest that as put the hon. member's question is argumentative and is therefore not in order.

[*English*]

LAY-OFFS OF EMPLOYEES

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question refers to a question and answer yesterday in the House on this subject. Is the independent person mentioned by the minister the same, a substitute for or supplementary to the one mentioned by the minister in regard to the report on all changes in the NFB which the minister said was on his desk on Monday of this week?

Inquiries of the Ministry

[*Translation*]

Mr. Pelletier: Neither, Mr. Speaker. When I mentioned that I had called for a report on whatever changes were made within the National Film Board, I had not yet received the Commissioner's suggestion that an independent person be appointed to review the appropriateness of the administrative decisions the Board has had to make within the last few days. The hon. member for Annapolis Valley should therefore consider that such an appointment which, by the way, will be made today, is in addition to and not instead of the study of all other administrative matters, including distribution of films.

Before resuming my seat, Mr. Speaker, I wish to state that the minister, as much as possible, avoids interfering personally in internal and administrative decisions of the National Film Board.

[*English*]

ORDER LEVYING CHARGES FOR USE OF FILMS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): I have a supplementary question, Mr. Speaker. In view of the fact that film distributors and libraries in British Columbia have already been notified that the imposition of fees on films that were formerly free will commence on January 1, may I ask the minister if he would consider witholding this action until he has reconsidered the whole matter? If the minister leaves the matter in abeyance, these fees will come into effect before this reconsideration is completed.

Mr. Stanfield: It is all a question of logic.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not think that we have here a question requiring months of studies, for the situation is very simple. The Board, which like many other government agencies has seen its budget frozen, is trying to recoup as much as possible the cost of its services. Rental fees which it intends to charge henceforth for the loan of films are part of that policy. At the suggestion of the House, I agreed to discuss the matter with the Commissioner, and the discussions are already underway. They should not last too long, and were it necessary to take action, there would be ample time left to do so before July, but I will refrain from giving any assurance that such action will take place.

[Mr. Nowlan.]

[*English*]

EXTERNAL AFFAIRS

BIAFRA—UN INITIATIVE TO END WAR

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the findings of Norwegian scientists that the two and a half years of war in Biafra have resulted in the death of 40 per cent of the children there between the ages of two and four, will the Canadian government urge upon the United Nations the need for its initiative now to end this war and the wholesale slaughter of defenceless children?

Mr. Fairweather: It is an internal matter, and they can do nothing about it.

Hon. Mitchell Sharp (Secretary of State for External Affairs): I have said on many occasions that to raise the matter in the United Nations, according to the advice we have received from the Secretary General, would not help to end the war; it would simply exacerbate the situation.

Mr. Fairweather: Merry Christmas.

Mrs. Grace MacInnis (Vancouver-Kingsway): May I ask the minister whether he could now let us know how the other initiative in Ethiopia is progressing?

Mr. Sharp: Not very well, unfortunately, and I am sure everyone regrets this. As I understand the situation, the Biafran delegation has now withdrawn.

BIAFRA—REQUEST BY CANAIRELIEF FOR ASSISTANCE

Mr. David MacDonald (Egmont): Mr. Speaker, I have a question with regard to recent proposals under consideration by this government concerning relief and the recent promise to give a decision, particularly to Canairelief, before Christmas. Considering that presumably this is the last day when the minister will be in the House before the end of this part of the session, can he now give us some indication of whether the government has taken a decision and whether such a decision has been communicated to Canairelief?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Not yet, Mr. Speaker. The representative of the Prime Minister, when he was in Lagos, put forward a plan which we believe would be more effective in increasing

the amount of relief that would reach the people of Biafra, and until this has been explored I do not think it would be in the interests of the Biafrans to make a decision on the other matter.

VETERANS AFFAIRS

REQUEST FOR CONTINUANCE OF SYDNEY MEDICAL CLINIC

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the Minister of Veterans Affairs. In view of the fact that several employees of the DVA medical clinic at Sydney have been served notice that their services are no longer required after January 31, and in view of the fact that the medical officers are being removed from this clinic making it apparent that the clinic will be closed, thus causing hardship, would the minister look into the matter and ascertain if this clinic cannot be retained for the benefit of the veterans?

Hon. Jean-Eudes Dubé (Minister of Veterans Affairs): We do have to reduce the number of our employees, but we will continue to give the same excellent service to all veterans, including those at Sydney.

Mr. Muir (Cape Breton-The Sydneys): I have a supplementary question, Mr. Speaker. I regret that I do not agree with the minister's statement. However, would he kindly advise the House before we adjourn how soon the Prime Minister and his government will stop treating the veterans of this country like animals?

[*Translation*]

FINANCE

BANK OF CANADA—RELAXING OF CREDIT RESTRICTIONS

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the Prime Minister.

Considering the lack of short-term credit and the high interest rates which have put businesses in a precarious position, would the Prime Minister tell the House whether the Bank of Canada will ease credit restrictions in order to enable the less prosperous regions, including Quebec, to fight unemployment more effectively in 1970?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am afraid I cannot make such a promise. On several occasions the Minister of Finance told the House that the Bank of Canada encourages chartered banks to make credit more readily available precisely in regions where unemployment is high rather than in those where there are inflationary pressures. I have been informed that banks do indeed follow this policy.

[*English*]

LABOUR CONDITIONS

INQUIRY AS TO TABLING OF SMITH REPORT CONCERNING MONTREAL WATERFRONT

Mr. Warren Allmand (Notre-Dame-de-Grâce): I have a question for the Minister of Labour. Will he state whether the government intends to table or make public the contents of the Smith Commission report relating to the Montreal waterfront, and if this will be done before the Christmas recess?

Hon. Bryce Mackasey (Minister of Labour): The Smith report was sent for translation perhaps two months ago. The translation has now been completed, and I have had an opportunity to study the report. It has some rather broad implications and recommendations which involve the Department of Transport. I want to discuss the report with the Department of Transport, and therefore I am quite certain that it would be impossible to table it, if we decide to do so, before the Christmas recess.

ADMINISTRATION OF JUSTICE

JUDGMENT IN CASE OF HUNTING INFRACTION BY ESKIMO

Mr. G. W. Baldwin (Peace River): Mr. Speaker, on several occasions I have asked the Minister of Justice about the position of the government with regard to quashing the conviction against an Eskimo in the Northwest Territories in light of the government's position on Arctic sovereignty. I would now like to ask the minister if he is able to answer the question or make a statement in view of the fact that the reasons for judgment indicate the offence took place on sea ice beyond the shore, and that the same court assumed jurisdiction in a murder case 60 miles off shore in Queen Maud Gulf?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I indicated some time ago to the hon. member who addressed that same question to me that, although the judgment of Mr. Justice Morrow did refer to that case, the Crown Attorney has advised me the evidence is not all that clear. Although Mr. de Werdt indicated his intention to appeal the case, we

are not yet in a position to respond to the question posed by the hon. member, but I am taking it very seriously and am looking into it.

SUPREME COURT JUDGMENT UPHOLDING EQUAL RIGHTS FOR INDIANS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, perhaps this is a related and not a supplementary question. You can take your pick. Has the minister had an opportunity to review the sentences of those Indian people held for violations of the Indian Act and perhaps now held contrary to the decision in the Drybones case?

Hon. John N. Turner (Minister of Justice): Mr. Speaker, I have asked for a report. I just got it this morning and I have not yet had a chance to digest it completely.

EXTERNAL AFFAIRS

DESTRUCTION OF CANAIRELIEF PLANE—PROTEST BY GOVERNMENT

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I would like to address a question to the Secretary of State for External Affairs. It concerns the destruction by Nigerian aircraft of a Canairelief plane at Uli airport as it was unloading food. Has a protest been lodged with the Lagos government, either by his officials or through the Prime Ministers' emissary, over this outrageous attack on a plane which was on an errand of mercy?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am sure we all regret very much the loss of this plane and are very happy that at least the crew escaped. I think the hon. gentleman will agree, however, that this is the reason why we should try to support daylight flights. These food planes that fly by night are mixed up with arms planes, and it is not surprising in a civil war if some of them are destroyed.

SOCIAL SECURITY

INQUIRY AS TO TABLING OF WHITE PAPER

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. In view of the fact that government action on all pension and social security matters seems to have to await the government's white paper on social security, can the minister say whether it will be possible for the government to table that white paper when we return in January?

[Mr. Turner (Ottawa-Carleton).]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I do not believe the government will be ready to table the paper by that time.

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. In view of the fact that on the late show the other night I did not get an answer to this question, may I again ask the minister whether, in view of the delay in tabling the white paper, the government will consider providing for an interim increase in the old age security pension?

Mr. Speaker: Obviously this is a repetition of a question already asked. I wonder if it is in order to ask it again today.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I was going to raise a point of order but all I will say is that, since I did not get an answer on the late show the other night, I shall give notice of the question for another late show.

PENITENTIARIES

POSITION OF NEGOTIATIONS RESPECTING EMPLOYEES' SALARIES

Mr. Melvin McQuaid (Cardigan): Mr. Speaker, my question is for the President of the Treasury Board. Since this is not his day to be in the House I thought it might be directed to the acting minister, who should be here but isn't. In view of the urgency of the matter I will have to ask the second acting minister whether the President of the Treasury Board is taking any action to meet the demands of guards in federal penitentiaries for an increase in pay, and thereby avoid an imminent strike by these people?

Mr. Speaker: I gather this is a repetition of a question asked within the last few days, but if the right hon. Prime Minister wishes to reply at this time there is no objection to it from a procedural standpoint.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was going to reply as you did by saying the question had been dealt with, but if the hon. member could possibly manage to be here tomorrow the President of the Treasury Board will be answering questions.

Mr. Thomas M. Bell (Saint John-Lancaster): A supplementary question, Mr. Speaker. In view of the fact that tomorrow is the last day before the recess, will the Prime Minister require all ministers to be here to catch up on the backlog of questions?

INDUSTRY

POLICIES TO HALT DECLINE IN PRODUCTION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I would like to ask the Prime Minister whether, in view of the report of the OECD that Canada is the only one of 12 industrial countries to show a slump in industrial production this year, he will say that the government is considering any new policies to halt this decline and to provide adequate employment opportunities in this country?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed that this situation arose because of the high number of strikes which were in industries under provincial jurisdiction.

Mr. Stanfield: I take it, Mr. Speaker, that the position of the government is that its general economic policy is functioning just as beautifully as its anti-inflationary policy?

CANADIAN SOVEREIGNTY

USE OF ARCTIC WATERS BY PROPOSED U.S. OIL TANKERS

Mr. Ian Watson (Laprairie): Mr. Speaker, I wish to direct a question to the Prime Minister. It relates to the announcement the day before yesterday by General Dynamics Corporation that it intends to build six 200,000 ton submarine oil tankers to transport oil through the Northwest Passage, and has made an offer to sell these tankers to six major oil companies involved in the Prudhoe Bay oil field. Since this offer was quite specific, mentioning costs and delivery dates, I would like to know whether the Prime Minister could indicate whether the government of Canada or any government department has been consulted regarding this proposal?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have not been informed and I thank the hon. member for this information. We will be inquiring into it. As the Prime Minister said in answer to a similar question on this subject, the government's policy with relation to the Arctic waters will be announced in the second part of the session.

SCIENCE SERVICES

ACTION ON OECD REPORT

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, I wish to address a very direct question to the Secretary of State for External Affairs. Will the government take action on the Canadian science policy report of the United Nations Organization for Economic Co-operation and Development?

Since there is no answer I wish to direct a supplementary question to the Prime Minister. I had intended to direct it to the President of the Treasury Board, but he is not here. Considering recommendations in this new report, and the previous report by the former President of UBC, is the Prime Minister going to announce the decision of the government, one way or another, to rationalize the Medical Research Council, the National Research Council and the section of the Canada Council that provides social science funds into one single grant agency?

Mr. Speaker: Order, please. I would think that this interesting and important question asked by the hon. member should be replied to by way of a statement on motions.

COMBINES

ACTION TO PREVENT TAKEOVER OF CANADIAN COMPANIES BY FOREIGN FIRMS

Mr. Max Saltsman (Waterloo): Mr. Speaker, I would like to direct my question to the Minister of Consumer and Corporate Affairs. In view of the startling figures tabled as a return on December 15 this year, showing that since 1963, 606 Canadian firms have been taken over by foreign corporations, can the minister indicate if he is considering specific action to examine and, if necessary, to prevent such foreign takeovers?

Hon. Ron Basford (Minister of Consumer and Corporate Affairs): Mr. Speaker, I said in a speech the other day that this was a matter of concern to me, and that some of the issues raised by the return that was tabled would have to be dealt with, I hope more effectively, through a revised Combines Act. The matter is very much under study by me.

Mr. Speaker: Is the hon. member rising on a question of privilege?

Mr. Saltsman: No, on a supplementary question.

Mr. Speaker: Order, please. We have just about reached the end of the question period. Perhaps we might allow the hon. member for Portneuf to ask a question. There might be time for another two or three questions if we deal with them quickly.

Inquiries of the Ministry

[*Translation*]

HEALTH INSURANCE

REFUND OF PAYMENTS BY ONTARIO PLAN BY QUEBEC RESIDENTS

Mr. Roland Godin (Portneuf): Mr. Speaker, I want to ask a question to the Minister of National Health and Welfare.

Would he tell the House if the surplus premiums paid under the Ontario Health Services Insurance Plan are or will be refunded to federal civil servants who have moved or will move to Quebec?

Mr. Speaker: The question might be put on the order paper.

[*English*]

SPORTS

HOCKEY—SUPPORT BY MINISTER OF HOCKEY CANADA CHAIRMAN

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the continuous interference of Europe's hockey czar, Mr. Bunny Aherne, by continuously making rules to his own advantage thus upsetting the world hockey championships, has the minister supported the great efforts put forth by Mr. Charlie Hay, chairman and director of Hockey Canada?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker.

GRAIN

WHEAT—INTRODUCTION OF PROTEIN CONTENT CONCEPT IN GRADING

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is for the Minister of Agriculture. Can the minister say whether the government will soon be proposing legislation that will introduce the concept of protein content into the grading of wheat?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, there will be a revision of the Canada Grain Act as announced in the House on October 22 or 23.

STEPS TO SPEED UP MOVEMENT TO LAKEHEAD

Mr. John Burton (Regina East): Mr. Speaker, I have a question for the Minister without Portfolio, the hon. member for Saskatoon-Humboldt. In view of the fact that there are only some 37 million bushels of grain now in storage at the Lakehead leaving space for some 60 million bushels, will steps be taken to insure a speed-up in grain movement to the Lakehead?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, steps have been taken in an attempt to insure a speed-up in the movement of grain to the Lakehead. Priority, of course, at the moment is being given to the shipment of grain to the west coast where it is being loaded into the vessels.

COMBINES

ACTION TO PREVENT TAKEOVER OF CANADIAN COMPANIES BY FOREIGN FIRMS

Hon. Ron Basford (Minister of Consumer, and Corporate Affairs): Mr. Speaker, on a question of privilege—

Mr. Speaker: Order, please. The minister is rising on a question of privilege.

Mr. Basford: Mr. Speaker, in relation to the question asked by the hon. member for Waterloo (Mr. Saltsman) may I point out, in order that the House will not be misled, that in the report tabled on Monday showing that some 600 companies had been taken over, Algoma Steel was included as having been taken over by a West German corporation. In actual fact, the West German corporation only took over 25 per cent—

Mr. Speaker: Order, please. I suggest this is a statement and has very little to do with privilege. Order, please. We ended the question period some minutes ago but if hon. members wish to pursue the question period there is no objection on the part of the Chair. Is this agreed?

Some hon. Members: Agreed.

Some hon. Members: No, no.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I was asked a supplementary question by the hon. member for Fundy-Royal. It is the same question—

Mr. McGrath: Mr. Speaker, if there is not unanimous consent for this side, then there is none for that side either.

Mr. Speaker: Order, please. Of course, I assume if the Minister of Justice wishes to pursue the question period that right will be extended to members of the opposition. Orders of the day.

GOVERNMENT ORDERS

INCOME TAX ACT

AMENDMENT TO CONTINUE SURTAX

The House resumed from Wednesday, December 17, consideration of the motion of Mr. Gray (for the Minister of Finance) that Bill C-139, to amend an act to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I would like to take this opportunity to oppose the proposal of the Minister without Portfolio (Mr. Gray).

I feel it is my duty to voice the views and aspirations of my fellow citizens regarding this motion but I will be brief.

The purpose of Bill C-139 before us is to extend for another year the imposition of the 3 per cent surtax. I would like to comment on the statement made during the last session by the Minister without Portfolio when he first introduced a bill to impose a 3 per cent surtax on personal income, as reported on page 9417 of *Hansard* for June 3 last. The minister used these very words:

> In making this proposal tonight, I am mindful of the implication given last October that these surtaxes would be allowed to terminate as scheduled and that this was a factor in determining the series of tax measures then introduced. It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

It is clear that the legislation brought before us by the minister without portfolio is not based on an urgent need to supply the government with more money so that it may meet its commitments. As the minister said, it is a mere question of stabilizing the Canadian economy.

This 3 per cent surtax which has been suggested on a temporary basis represents a very strange Christmas gift to Canadians, who thought that it would affect them for one year only. So, they are being offered a very strange gift, that is a surtax they will have to pay for at least another year.

As the minister refuses to promise the withdrawal of this surtax at the end of another year, we are justified in believing that it will become permanent.

I just had to take a few seconds to say that the workers in my constituency and in others as well are unfairly subjected to that tax, for it contributes to maintaining the cost of living at a high level and to perpetuating inflation. This is a glaring injustice, especially for low or middle income workers.

Through that surtax the government does not have to levy, according to the Minister of Finance (Mr. Benson), the latter will dig into the pockets of the workers for the money they would need to meet their obligations. He will collect, in the coming year, the neat little sum of $20 million or so.

One does not have to give it much thought to blame severely the minister and the government for not being able to meet their obligations, and for levying a useless surtax.

As I said a while ago, that 3 per cent surtax was first levied on a temporary basis, but it is becoming permanent. We must also remember that this surtax was born in the month of February 1968, when the government proposed a 5 per cent surtax and was defeated in the House. The Canadians who, at the time, blamed the government and hoped to have the opportunity of telling it that they had enough of that Liberal administration, were forced to put up with its incompetence and finally ended up with a surtax no one wants.

Under the circumstances, we therefore have no choice. Indeed, we must vote against this surtax and ask the government to quit oppressing the low income workers. Those who are responsible for administrating public affairs, must, at long last, assume their responsibilities and respect the promises they made during the election campaign by drawing closer to the needs of the people. Only then will they understand that it is imperative for them to stop oppressing the Canadian workers, and to discontinue levying this 3 per cent surtax.

Some hon. Members: Hear, hear.

[*English*]

Mr. Rod Thomson (Battleford-Kindersley): May I say a few words about this taxation bill, Mr. Speaker? The other day the Minister without Portfolio from Windsor West (Mr. Gray) suggested that this measure has been introduced in order that we may cool inflation. I read his remarks again just now, and that clearly is the inference to be drawn from them. I suggest that not all parts of the country are contributing to inflation and for that reason the government ought to consider introducing other measures to deal with existing problems. You know, Mr. Speaker, when other people lose their jobs we call it a reces-

sion; but when we lose our own jobs, then we call it a depression. Passage of this bill will adversely affect all those who are in economic difficulties and will do nothing to solve the problems of certain parts of the country. Of course, I am talking mainly about western Canada, because I know that part of the country. But my remarks apply equally to other, less prosperous parts of the country.

The minister may say that the economy needs cooling; but it does not need cooling right across Canada. The government ought to consider introducing fiscal policies which would help certain disadvantaged parts of the country and consider pumping more money into those areas. The government ought to consider industries in this country on a regional basis. For instance, if the potash industry is in trouble, it ought to consider helping that industry. If the oil industry or the agricultural industry is in trouble, the minister ought to consider helping those industries by implementing helpful fiscal policies. Although we have introduced fiscal measures involving tariffs, I notice that the tariffs do not work equally for the benefit of all parts of the country. For example, tariffs on automobile products affect mainly that small portion of the country encompassing the Windsor area, Toronto, and the Oshawa area. The people living in those areas might object violently if we were to tamper with automobile tariffs, yet hon. members representing those areas of the country will do little to reciprocate and help other parts of the country. Clearly, since the automobile industry and other similar industries are fairly affluent, it may make sense for us to say that we ought to cool the economy so far as those industries are concerned. But we should not apply such cooling measures right across the board. Certain industries need to be helped, and for that reason the government ought not to use a blanket approach in attempting to solve problems.

This bill reminds me of a Jerry-built house. I once saw a house that had attached to it a lean-to; another lean-to was added to the first one, and still another lean-to had been added to the second. This legislation reminds me of that structure, because it symbolizes this government's approach to taxation. If the government could assure us that in its tax reform proposals there would be changes in the kind of tax it is now seeking to impose, we might be more ready to listen to the government. Unfortunately there is no such assurance. Apparently the surtax is to be dealt with as the CNR indebtedness is dealt with, that is every year. We were told at one time that this would be a special tax. I submit that it is not solving our problems. I urge the minister from Windsor West not to cool the economy of the country right across the board, because some areas of the country need help if they are to solve some of their problems. If adequate fiscal measures are introduced to help those areas of the country, we shall be helping the economy generally and thereby bring about some semblance of unity which has real meaning within Canada.

Mr. John Burton (Regina East): Mr. Speaker, I would not speak again to the main motion at this stage were it not for the seriousness of the situation we are facing at the present time. I think the government has to consider very seriously the question of its credibility and the confidence which the people of Canada will have in it, in view of developments which have taken place over the past several months and in view of the increasing feeling that the government has lost control of the situation and is no longer capable of grasping the problems we are confronted with in Canada. In considering this bill I think we have to keep in mind the statement made by the Minister of Finance (Mr. Benson) last June when he delivered his budget speech. As has been pointed out previously, he said, as reported at page 9417 of *Hansard*:

> It will be clear to everyone, however, that the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

We must take a look at the performance of the economy since that time, at what public attitudes today are and at the public's response to government policies.

I note with considerable interest an article in this morning's *Globe and Mail* written by George Bain which, it seems to me, sums up pretty well public feeling at present towards the government's so-called policies of economic stabilization, of which this bill forms a part, as the minister has said. May I through you, Mr. Speaker, draw to the attention of hon. members part of what Mr. Bain wrote in this morning's *Globe and Mail* article. The article reads:

• (3:40 p.m.)

> This Government has its moments when it sinks into a state of absolutely numb fatheadedness—as, for particular example, when Finance Minister

Edgar Benson was asked by Robert Stanfield the other day what he intends to do about the continuing rise in the cost of living.

If there is one subject on which the Government ought to do its best to cultivate the appearance of humility, it's that one; there's nothing in the record to be self-satisfied about.

Ministers themselves, Mr. Benson among them, have been prating for months about the further remedies they hold in reserve, and with the cost-of-living index having reached 127.4 with no sign that it will stop there, a certain curiosity about what those measures are and when they are likely to be employed shouldn't be altogether surprising.

He goes on to mention some of the statements that were made by the Minister of Finance when he delivered his budget speech last June. At this time, I suggest the government should seriously consider withdrawing the bill. I think many Canadians would, in fact regard it as something of a Christmas present to the economy if the government saw fit to withdraw this bill. It certainly would be more in keeping with new economic trends that have developed since the Minister of Finance delivered his budget speech.

I hope, Mr. Speaker, the Minister without Portfolio, when he concludes the debate, will give some indication that the government is in fact having second thoughts about this policy and will consider withdrawing this bill at this time.

[*Translation*]

Mr. Speaker: Is the House ready for the question? The hon. member for Compton.

Mr. Henry Latulippe (Compton): Mr. Speaker, I am pleased to have this opportunity to speak on Bill C-139, an untimely measure to introduce in the House.

No later than yesterday, we were given some proof of that when the minister was asked a question and we were told that the government does not need the money because it collects other taxes. Some public works and other projects have been stopped in order to save money and balance the government budget.

The 3 per cent surtax had been imposed for a year, and the government had suggested that it would disappear once the budget had been stabilized. But now, we are asked to maintain that harmful and untimely surtax.

Yesterday, I asked the minister the following question:

Mr. Speaker, I should like to ask the minister why the government is maintaining this tax. We are told that for 1970, the government is expecting a huge surplus.

If the budget of the government is satisfactorily balanced, why should it unbalance the budgets of all Canadians to the benefit of the federal government's?

The Minister without Portfolio (Mr. Gray) answered as follows:

Mr. Speaker, the Minister of Finance (Mr. Benson) said, in his budget speech, that it was necessary, in order to win the battle against inflation, to maintain fiscal restraints. In this regard, one of the methods he advocated was to maintain the surtax for one year in order to win this battle against inflation, which is in the interest of all Canadians, including the lower income groups.

Considering this answer, I wonder what proportion of the population will be paying this tax. The statement that the hon. member for Regina-Lake Centre (Mr. Benjamin) made yesterday was absolutely correct. This is what he said:

Even though the subsequent measure, an extension of which we are now debating, levied a 3 per cent tax on individual income and corporations as well, it is still grossly unfair. If this bill is passed, in 1970 the government will collect an additional $115 million from the individual income tax payer and only $40 million from corporations. This is a ratio of 3 to 1, that is $3 from the average, medium and low income taxpayers in Canada and $1 from corporations.

In the remainder of this year, an additional $25 million will be collected, $20 million from individuals and $5 million from corporations.

This is a ratio of 4 to 1, $4 being collected from individuals and $1 from corporations. The total tax revenue forecast for 1969-70 is on a ratio much closer to 2 to 1, that is $2 from individuals and $1 from corporations. Because of these figures I just quoted, surely this surtax makes the measure regressive and grossly unfair. This has already been pointed out by previous speakers.

These figures are certainly correct. We have long known that the greater part of the tax revenue comes from the small taxpayers and that when large companies declare a certain amount for tax purposes, they hide three times as much, a fact that the other members have not mentioned in their remarks.

• (3:50 p.m.)

Mr. Speaker, if we were to tax excessive profits, if we knew the fantastic sums they represent, we would realize the amount of currency issued which is harmful to the economy, because it creates inflation.

As a matter of fact, inflation is not caused by those 80 per cent of the population who are in deflation. Moreover, inflation certainly is not caused by those who are unemployed or on welfare. We see the gap widening everyday between those who draw welfare allowances and the others.

Farms are abandoned and industries close down because of excessive taxation, and because it is not possible for any reserves to escape taxation.

I agree with the members of the New Democratic Party that this is a glaring injustice. We do not want to take from people all the money and all the profits they make but, under our present system, if we are unable to do anything but tax those who have no money to give it to those who have already too much of it, this is a gross injustice and the government should do something.

If we have inflation in this country and if more taxes and more surtaxes are imposed, we shall unbalance our economy because we take their resources from those who need them, from those who could spend more, who could have a higher buying power, which would make it possible to sell surplus goods.

Canada is faced with several problems, but the most serious is overproduction which has reached such a point that we are unable to empty our warehouses and our stores for lack of money and purchasing power.

We should take some of the tax burden off the shoulders of low-bracket taxpayers so as to leave them with more purchasing power and to enable the manufacturers, the dealers and the retailers to sell more goods in order to produce more. As a result, more jobs would become available for our citizens who would then have a chance to earn a livelihood instead of getting deeper into unemployment and insecurity. In this way, we will not be robbing Peter to pay Paul.

We will not be able to balance our economy, by continuing our present policy because the more we increase taxes, the more we throw our economy off balance. When the population finds it more difficult to make ends meet, citizens accumulate profits and declare less for taxation purposes. We are in a tragic situation and some people say that the government, the Minister of Finance (Mr. Benson) and the Bank of Canada can solve the problem of inflation by taking money from those who already do not have enough. The situation is very tragic and must be improved at all costs.

Yesterday, members of the New Democratic party quoted statistics. I will go a little further by quoting more figures. There are in Canada eight chartered banks. Yesterday, the accrued gains of those banks were mentioned. For my part, I will merely refer to the profits of the eight Canadian chartered banks for the last 12 months.

[Mr. Latulippe.]

In the past year, the assets of the eight chartered banks increased to $6,647,802,000. Never before in history have we seen financial institutions increase their revenue so much. As for other businesses, they are in a bad way.

If certan institutions are allowed to make that much profit, all the better. Have they not been granted certain privileges by the government?

Many Conservatives and New Democrats voted in favour of lifting the ceiling on interest rates. Everyone voted for it except the Créditistes. Parliament is to blame if so much freedom was given to these institutions. They rule the roost, because we gave them a free hand. And since they have unlimited powers, they are justified in pocketing the profits they make. But the ones who cannot justify their position are those who gave them this sovereign power which belongs to the government and which the latter should never have yielded to such mighty companies.

This is not the way to solve the problem of inflation. The total assets of chartered banks amount to $6,647,802,000 for a single year, or the equivalent of twice the total amount of notes issued by the Bank of Canada in 35 years, that is to say, $3,287 million.

In this respect, we might say several things, but since we have a situation and a problem to solve, in my opinion, it would be logical to withdraw this bill. Considering that revenues may be obtained through other means and that public works are no longer being carried out, it would not be advisable to deprive citizens of what little money they might have, money which has been mostly borrowed at rates of interest of 8, 9, 10, 12 and even 25 per cent.

It is illogical for the government which claims to be a good manager, able to balance the budget of this country and that of all Canadian taxpayers, to favour a few institutions.

• (4:00 p.m.)

Some have said that to solve the problem of inflation, we should apply a control on prices and salaries but it would be of no avail because salaries, prices and interest rates are already too high. This is not the way to solve the problems of our economy which has to be balanced with whatever can be balanced.

Instead of providing our cart with two wheels of the same size in order to keep it going straight, we are putting on it a small

one and a big one; as a result, the cart is running around in circles. So is our present system and that does not help at all.

Since our production, in 1969, amounted to $72 billion and since we have consumed for 44 billion dollars' worth, our production costs should amount to $44 billion. Consumers should therefore pay $44 billion and the balance of $28 billion should be distributed as a compensated discount through credits issued by the Bank of Canada. We could thus adjust prices to facts, to consequences and to reality and we could balance the budget of the government. In my opinion, there is no other way to do it.

We would then be the first to fall into step because what we want is not power but reforms, not only I and the other members of the Ralliement créditiste, but all the people of Canada, and it is up to the government in power to bring them about. If nothing better than our solutions can be found, let us try them.

The steady increase in taxes and rates of interest creates an untenable situation and puts the people in an unstable position, in a dismal position, and the Canadian people must get deeper into debt in order to survive. There are almost no families in Canada that are not head over ears in debt. One only needs to see the debts of the school boards, of the municipalities, of the provinces to realize it. All those government agencies are on the verge of bankruptcy and no solution is suggested other than an increase in taxes both at the federal and the provincial level. Other governments do the same.

The people cannot breathe any more. Everything is connected. All the tax suction-pumps are connected to the Canadian body and the latter gets pumped so much that it will soon sink out of sight and vanish. That tax-pumping system will have to be abandoned one of these days. And I cannot see why trade unions and workers keep going on strike for wage increases, for this or that, instead of going on a tax strike.

Eventually, the taxpayers will refuse to pay their taxes. I hope that such a dreadful situation will not develop shortly. Our country would be disrupted. Everything would be destroyed and we would have to start from scratch. We object to this. We want to preserve everything that was achieved at great pains. We do not intend to demolish, we want to build.

Therefore, financial institutions should be set in order and made more practical and consistent. They must serve man. They should not lead us to disaster. We do not agree on that and governments have never found a solution to the problem.

Progressive Conservatives are against this 3 per cent surtax. They have a great deal to say, but no solution to offer. While they were in office, they did exactly what the Liberals are doing now. They never found any solution to the problem. Just like the Liberals, when we suggest to them logical ways to solve problems, they laugh or do not believe in them.

If they feel that the ways we are advocating are no good, they should find better ones.

That is what I ask in the name of the Canadian people. We must improve the situation and administer the country in a fair and equitable manner. We must find ways to enable the people to live decently in an affluent country and when we find that the government is getting into debt, we think it is dreadful.

I know of nobody who can be indebted to himself and yet it is what this government is doing, with its unsound financial system which steals money from the people by levying prohibitive taxes. The economic blood is being drained and therefore, the economic body is thrown out of balance.

Instead of giving injections to those suffering from low or high blood pressure, doctors should raise the pressure when it is too low or lower it when it is too high. They would thus restore the balance of the human being.

Our economy is sick and presents the same symptoms: a lack of economic blood and of stability. Our economy suffers from low blood pressure and instead of giving it the proper remedies in order to get the pressure up to balance it, the pressure is lowered. That is why our society lacks balance. Since Confederation we have never had a balanced system. Our administrators have found a few solutions to that problem.

Financial tycoons are always listened to. They have always been granted all the privileges while the people was neglected.

I therefore support those who are asking for the withdrawal of the bill, because it is harmful, because the government has no need for it, and because it offers no solution to the problem of inflation.

We contribute to further increase inflation in our country by maintaining high interest rates, by cutting all public works and by increasing rates and taxes. This situation will

give rise to new difficulties and inflation will never disappear.

Let the responsible ministers open their eyes, so that the budget of the government and of individuals will be balanced in 1970. Since there are surplus goods, it would be quite easy to distribute them. It is much more difficult to produce them, to store them and to deliver them to stores than to distribute them on a permanent and logical basis, so that all can share in the advance of applied science. Each Canadian should be able to live decently in a country overflowing with wealth.

If we counted all the goods accumulated in the past 15 years, we would be amazed. In fact, these surpluses amount to several billion dollars.

Unfortunately, war alone can solve this problem. People have to work themselves to death in order to eat and to give their families a decent living. This should not be the case. We should find alternative solutions, because it is inhuman to wage war in order to dispose of surpluses which should be consumed. As long as production is not used to satisfy the needs of the people, we shall continue to experience the same situation and perhaps worse.

• (4:10 p.m.)

[*English*]

Mr. John Gilbert (Broadview): Mr. Speaker, it is with extreme reluctance that I participate in this debate again, after stating my views in opposition to the measure when I spoke on the amendment. The reason I rise for the second time is to underline the failure of government members to participate in this debate. A week ago we had a debate with regard to urban problems and there was very little participation by the urban members. After hearing the statements made today by the minister in charge of housing, I thought perhaps we should give the hon. member for York West (Mr. Givens) an opportunity to express his views not only in respect of this measure—

The Acting Speaker (Mr. Béchard): Order, please. I would ask the hon. member to speak to the bill.

Mr. Gilbert: Mr. Speaker, I was relating my remarks to the bill and was requesting the hon. member for York West to set forth his ideas with regard to this measure—

[Mr. Latulippe.]

The Acting Speaker (Mr. Béchard): Order. I thought the hon. member understood what I said.

Mr. Gilbert: Mr. Speaker, this surtax of 3 per cent on individuals and corporations is the main part of this measure, and I said I thought members from the urban ridings would actively participate in this debate. I should like to underline to you, Mr. Speaker, that it was the present Secretary of State for External Affairs (Mr. Sharp) when he was Minister of Finance, who first initiated a bill to impose a 5 per cent tax on individuals for the purpose of dampening down the economy. He used a rather colourful phrase. He said we must put on the brakes to stop inflation. He has now left the ministry of finance and has another portfolio. I thought members of the House, and all Canadians, would like to hear his views with regard to this measure because when he was minister of finance this problem of inflation worried him, and he took certain measures.

One of the measures the minister took was to impose a 5 per cent tax on individuals, but it did not pass. After other attempts to solve the problem, he brought forward a bill imposing a 3 per cent surtax on individuals and corporations which was applicable to 1969. Now the government is attempting to apply it to 1970. According to the present Minister of Finance (Mr. Benson), the government has budgeted for a $375 million surplus. From that figure is to be deducted the $125 million loss experienced by Expo. This leaves a balance of $250 million. He has now advised the Canadian people that as of October this year, there is a surplus of $800 million. I am wondering why the government continues to press for a surcharge of 3 per cent on individuals and corporations. Surely, the affairs of the country, with an $800 million surplus at this time of the year, do not require that this measure be passed. If we recall, at the time the minister introduced this bill he said he was not doing it for the purpose of increasing the revenue of the country but to stabilize the economy. It may be that some of the measures he has taken have brought forth that stabilization because he now proudly boasts that he has an $800 million surplus. Surely, he could give Canadians a Christmas gift by not proceeding with this measure.

I am sure that the Secretary of State for External Affairs were he the minister of finance and had the surplus the present Minister of Finance has now, would join with us in attempting to show his concern for the

ordinary people, especially in the city of Toronto. He knows that, not only is there a housing problem, but also the high cost of living problem which affects all people across the country as well as the urban people. I am sure he would take steps to avoid the imposition of this tax. I rise at this time because members of the government do not seem to appreciate just what the problem is, and do not speak against the measure at this time. I recall the hon. member for Peel South (Mr. Chappell) making a speech in respect of the capital gains tax. I am sure he has people in his riding who are feeling the pinch of inflation these days. I would have thought he would have spoken against this measure. More particularly, however, it is the hon. member for York West who has been the main spokesman in respect of urban affairs within his caucus and who spoke heatedly at Hot Springs about—

The Acting Speaker (Mr. Béchard): Order.

Mr. Gilbert: Mr. Speaker, I am just relating my remarks to one of the other members. I thought he would take a very active part in asking the government to do away with the 3 per cent surtax. It may be that the hon. member for York West is a little concerned about defeating the government. We recall that the government was defeated when the present Secretary of State for External Affairs brought forward the measure to impose a 5 per cent surtax, but through procedural finesse the government received what was called a vote of confidence. However, the members of the government knew they had been defeated on a financial matter. The government, therefore, remained in power. This was in 1968 when the member for York West was not here, so he probably does not know what happened. I am sure, however, that the present Secretary of State for External Affairs is aware of this because he bore the brunt of that terrible faux pas that was imposed on the Canadian people. Even if the members on the government side were to defeat this measure it would not mean the defeat of the government because they could then bring forward what is known as the "Knowles theory" with regard to votes of confidence and the government would probably be sustained.

I would ask, Mr. Speaker, that all those members on the government side who are concerned with the position of the little people and urban problems get up and speak now against this bill. Then, the bill might be defeated and they could be counted as being opposed to this very bad measure.

The Acting Speaker (Mr. Béchard): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division.

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

• (4:20 p.m.)

On clause 1—

Mr. Lambert (Edmonton West): Mr. Chairman, I want to make it quite clear right at the beginning that we have not changed our minds with regard to this matter. I, personally, feel that it was part of a very scrambled budget.

I do not intend to speak at great length at this time, nor do any of my colleagues. I merely want to state that we feel the purpose of this extension is not to deal with the problem of inflation. I think it is the wrong type of tool to deal with the inflation that we have, and that it is not doing anything. The last budget contained a highly objectionable measure in which certain types of construction in certain selected areas were to be deferred. My province was one, British Columbia was another, and Ontario was still another. In today's press I find the following statement made by the largest real estate broker in Toronto:

> Most apartment houses—will not stand increasing mortgage interest rates—

All this means is that apartment projects, that is residential accommodation, which the Government did not want to affect, are being hardest hit by high interest rates. I have here from almost the same page of the same newspaper an announcement that a $5 million office building is to be built in Toronto. Construction of office space in Toronto was to be discouraged. I can tell the minister that in the cities concerned there seems to be no discouragement of the construction of office space. The type of construction which it was envisaged would be discouraged is going ahead full steam because developers and businessmen do not believe the Government is able to deal with inflation and, therefore, high interest rates are going to remain. They are a natural consequence of the inflation and they will continue.

Therefore, what was a discriminatory tax measure will turn out to be completely non-effective. I say that if this is part and parcel

of the budget, it is a feature which we classify and categorize as one that is thoroughly repugnant. It is a measure that was brought in by a government which wanted to retain power but which should have been out of office because it had been defeated on the original measure. It continued in office by throwing our constitution and system of government out of the window, and by doing I do not know what else in order to get another kick at the can or, to use another metaphor, to take another bite at the cherry. This is the measure that came out of that situation.

I will not move any amendment to this clause. We oppose it and that is all.

The Deputy Chairman: Shall clause 1 carry?

Mr. Burton: Mr. Chairman, I am very disappointed that we have not heard from the Minister without Portfolio, either by way of closing remarks on second reading or by way of an introductory statement in dealing with the clause that is now before us. Surely, there have been some serious matters raised with which the Government has to grapple, matters for which the Government has to assume responsibility and which have been raised in this debate. There may be differences of opinion as to what is the appropriate policy to follow under the circumstances which face us in Canada at present, but surely we have the right to expect something from the minister other than his complete silence on the subject of the serious economic conditions facing Canada. We expect something to be said with respect to some of the points that were raised in the debate on second reading, and which again have been raised at the committee stage.

I think we must recognize the fact that Canada's economy is approaching a state of chaos, and certainly is in a state of confusion at present. The Government seems to be bumbling around trying to justify its own inaction and its own, empty, hollow policies in dealing with our present situation. They are taken up with the problems of inflation and of inflationary psychology, and seem to be like the ostrich with its head in the sand. The government refuses to face the fact that its present economic, fiscal and monetary policies have been a failure; that in fact there are no results for us to see from the policies which were announced by the minister and about which the Government has talked so much over the past several months.

[Mr. Lambert (Edmonton West).]

A few minutes ago I made some reference to recent newspaper comments with regard to the handling of Canada's economic affairs. I would like to comment further on Canada's economic affairs with reference to this clause which extends the 3 per cent surtax into the calendar year 1970. This is the surtax which the Government finally managed to get through Parliament and which was originally to apply to the calendar years 1968 and 1969. At that time the minister of finance, who is now the Secretary of State for External Affairs (Mr. Sharp) and who is in his seat at the moment, made it quite clear that it was to apply to the two years. This measure was to continue only until some of the heat had been taken out of the Canadian economy and until a greater degree of balance and stability had been brought into the economy.

Surely, the Government must recognize that there has been a change in the Canadian economy, that in fact many people who have given the matter close study, people who are well qualified to speak on the state of economic affairs, have warned the government that it should proceed very cautiously. It should be very careful about future policies of restraint which will have a dampening effect on the economy and which will result in further unemployment and further cutbacks in public services.

But it seems that the Government is blind to the situation. It refuses to listen to some of these appeals, to some of the representations and views which have been presented to it. It continues to go blindly along its way without giving any heed to the realities of life. The reference that I was going to draw to the minister's attention is contained in this morning's issue of the *Globe and Mail*. I think it has some very pertinent implications in terms of our considerations this afternoon. Mr. George Bain of the *Globe and Mail* of today stated in part as follows:

• (4:30 p.m.)

There has been some trimming done in public expenditure, right enough, but if Mr. Benson, by persuasion, subtle pressure, or legislation, has been able to deploy a force in the private sector, aggressively or not, he has been curiously mute about it.

Have the great sources of consumer credit been paying any heed to Mr. Benson's pleas for restraint? Chargex goes charging on. The other day, Esso customers received pamphlets telling them: "Why wait for the things you need? Revolving credit makes it easier than ever to have the things you need without worrying about a 'big bite' payment in any month." And Air Canada-CN, which ought

to be susceptible to advice from the government, advised its clients about the greater number of services they can obtain, at easier terms, on their credit cards.

Mr. Benson's trumpeted device to reduce the number of starts of new, unessential buildings in the major urban areas—the deferral of capital cost allowances for two years—has been an admitted bust (although not yet a publicly admitted bust). Building has gone on very much as before, with the one result, if any, that prices of the unpostponed unessential buildings have risen higher.

The government's Prices and Incomes Commission, set up last May, hasn't an accomplishment to its name seven months later. True, it's had its troubles and may yet do something—the prudent bettor will demand odds—but, on the basis of its performance thus far, the government has nothing to be immodest about.

This is one view that is being presented of the government's policies, performance, and the image it is presenting to the public at the present time. I think that the minister and the government should consider very carefully the course on which they are taking the Canadian economy. Just where is the government leading the Canadian economy? In this context we must of course consider the extension of taxation which is proposed in the bill before us.

The government claims that this bill was not introduced for the purpose of securing government revenues but rather for the purpose of economic stabilization. Since revenues are not a particular concern of the government—and I think it has been shown already that government revenues in relation to expenditures this year are showing a fairly healthy picture—I would like to ask what is the purpose of retaining this measure?

What is the hope for this measure achieving the objective of economic stabilization, the objective which was originally stated for it by the Minister of Finance when it was first proposed last June 3? This matter has to be considered within the context of other developments in the Canadian economy. Within that context the government must decide in the near future that it will have to affect a major change of direction in its economic policies. Its main economic policy up to the present time has been a bust, a failure. It has not achieved the objectives which the government stated for it.

Some further comments would be useful in that regard, Mr. Chairman. For instance the November 1969 issue of *Canadian Labour* contained the following comments in an editorial:

The folly of voluntary restraints was clearly enunciated in Canada by three economists during a recent five-day period.

On Monday, October 27, the U.S. economist John Kenneth Galbraith said in Ottawa that voluntary restraints are ineffective because they bind no one. "Such appeals to virtue have proved useless," he said at the press conference, held in conjunction with the federal Labour Department's tripartite conference marking the 50th anniversary of the International Labour Organization.

The following day, the renowned British economist, Allen Flanders, said the answer to inflation is not voluntary restraints but a prices and incomes commission. His experience as a member of Britain's prices and incomes commission had convinced him that the commission could do the job by making public the facts of price increases and forcing companies to justify them. The commission need not rule on wage increases because, by investigating prices, it was in effect controlling wages.

On Friday, October 31, Russell Bell, Director of Research for the Canadian Labour Congress, spelled out the Congress' stand in a Toronto address to the annual convention of the Canadian district of the International Union of Electrical, Radio and Machine Workers: "In its discussions with the federal Prices and Incomes Commission the C.L.C. has not received any convincing evidence that non-wage forms of incomes, including salaries, profits, rents, interest and professional fees, unincorporated business income, speculation in real estate prices and so on could or would effectively comply with any voluntary restraints.

"The grim fact is, therefore, that no trade union leader can guarantee those whom he represents that these non-wage forms of income can effectively be brought under restraint. No trade union leader can guarantee that under such a policy there would not be a diversion of labour income to other forms of income ... no trade union leader could give any assurance to his constituents that voluntary sacrifices made by them would be at all equitably shared by other forms of income."

Nevertheless, the Prices and Incomes Commission and the federal government spokesmen, including Prime Minister Trudeau himself, have been re-echoing the call for voluntary restraints. In some of his public utterances the Prime Minister has said that if labour and business do not co-operate in imposing voluntary restraints, the federal government would study its constitutional position regarding wages and price controls ... "if necessary." A threat of a study is not a very fearsome thing.

As the inflation drama unfolds it becomes more and more apparent that the Prices and Incomes Commission and its calls for voluntary restraints are aimed at discrediting the unions that have made really worthwhile gains for their membership. Unfortunately, many uncritical people are accepting the apparently simple proposition that wage gains cause inflation and hurt the unorganized worker and the pensioner. The federal government is seeking to divide the workers into two camps: the affluent and the poor, the organized and the unorganized. The reality is not that simple, since many organized workers are poor, but it is easier to adopt such a simple proposition than to study the facts.

It seems to me that very relevant and useful points were made in that editorial, points which should receive serious consideration by the government. I urge the govern-

ment to give serious consideration to an overall review of its economic policy. The tax changes that are being proposed are an integral and important component of its economic policy, at least in terms of the government's own viewpoint.

I put this to the minister, Mr. Chairman. Does he really consider it is necessary for the purposes of economic stabilization to go ahead with this new tax at this time, since it is clear that there has been a basic change in the economy? It is clear, in fact, that some of the hopes that were entertained by the government last fall, this spring, and this summer when the budget was presented, that this particular measure would be of some assistance in stabilizing the economy, in bringing about some degree of restraint within at least the private sector of the economy, have not been met? Would the government not reconsider its position now? Does it not consider the time has come to take another look at the whole picture? I suggest that in fact there is a growing degree of disillusionment and resentment throughout the country because of the course of action which the government is following at the present time. This could have very profound effects and implications for the Canadian people as a whole during the coming years if the government does not come forward with more positive proposals to deal with the situation.

• (4:40 p.m.)

I would invite the minister to present his views on this matter to the committee. I ask him just what is the government's view with respect to the effectiveness of its economic policies within the framework of the provisions in this bill. Is he considering some of the representations that have been made over the past weeks and months for a change of direction in dealing with our economic problems? I would hope the minister has some comments for the committee on this important matter.

Mr. Nystrom: May I say at the outset, Mr. Chairman, that I do not intend to make another speech on this subject as I gave my views to the House yesterday. Now, I rise to ask the minister a question. As a premise, I would state we all remember that when the bill was introduced it was only supposed to apply to the years 1968-69. The government is now asking permission to extend the 3 per cent surtax to the end of 1970. I should like to ask the minister whether he can give us any definite commitment that the government will not come back next year and ask for another one-year extension.

In view of the lack of participation by the government backbenchers, I assume that the chances of the bill being passed are good. Has the government made up its mind whether it will apply for an extension to the end of 1971? If it has not, can the minister state what factors will determine whether they will ask for an extension?

Mr. Gray: Mr. Chairman, first of all I should like to thank the first speaker from the NDP who expressed such great interest in hearing from me. Had I been aware of this interest, I would not have withheld my remarks until the committee stage. I should like to respond to his comments and those of his colleague by saying that, obviously, in the judgment of the government the extension of surtax is considered to be necessary at this time in the public interest. This is why we are proceeding with the bill and asking this committee and this House to take a decision on it.

One should not overlook the fact that at the conclusion of the debate last June the House approved a motion, the general terms of which were that the House approves the budgetary policy of the government. Just yesterday, the House rejected by a substantial margin an amendment by the official opposition that this bill be given what is commonly known as the six-month hoist. It would, therefore, seems appropriate to proceed now to ask the House to take a final decision on this measure.

The hon. member who has just spoken asked about commitments of the government with respect to this type of proposal. I would repeat what I said in reply to a similar question yesterday, that it is the practice under our parliamentary system for governments of whatever party to refrain from making comments about matters of fiscal and financial policy until the appropriate time, and I do not think I should add anything to that reply.

Mr. Gilbert: Mr. Chairman, I should like to ask the very affable Minister without Portfolio—

Mr. Baldwin: Very silent minister.

Mr. Gilbert: —a question. There has been an announcement by the Minister of Finance that we have an $800 million surplus for the year 1969—$850 million. In view of the budget which anticipated a net surplus of $250 million, I wonder if the Minister of

Finance has received good advice from the Secretary of State for External Affairs, since he was the minister at a time when there was a serious inflation problem. Here, we have the government taking measures to create a huge surplus. I wonder if the minister would tell us why that is so necessary at this time, in view of the surpluses we have already?

Mr. Gray: Mr. Chairman, it is useful to remember that when a government has a surplus that does not mean it has stored up a big pile of dollar bills which it keeps hidden under a mattress somewhere. In fact, the amount covered by the surplus simply reduces the amount the government would otherwise have to borrow to finance operations and to provide funds for institutions like Central Mortage and Housing Corporation to carry on their worth-while public programs. In other words, the government borrows less than it otherwise would to replace existing borrowings as obligations mature. The surplus in question is already being put to good and effective use by enabling funds to be available for programs like more housing. Because the government does not have to go to the market for borrowing purposes while it has this surplus, it is in effect operating in a constructive way to reduce inflationary pressures.

I hope hon. members will agree that the development of the surplus is not only a reflection of sound financial management by this government but is also a reflection of the success of its anti-inflationary policy.

Mr. Baldwin: I was most interested in the comments made by the minister. As I understand the effect of the surplus, it will be used to relieve pressure which would otherwise be felt on the money market. The pressure on the market will be decreased to the extent of the $850 million which it will not be required to lend to the government. This being the case, Mr. Chairman, can the minister be optimistic enough to suggest that this will have an immediate impact, or at least an impact in a very short time, upon interest rates? There being less pressure on the market we would expect interest rates to decrease. Can the minister indicate when this will take place, and to what extent it will be perceptible to other people and governments in Canada who might be compelled to borrow in order to maintain their own administrations?

Mr. Gray: The ability of the government to stay out of the market because of the surplus certainly cannot help but have a good effect on the level of interest rates.

Mr. Baldwin: But when and where?

Mr. Saltsman: Mr. Chairman, I am sure the minister would not wish to obscure the question put to him by the hon. member for Broadview. As I recall the question, I think the significant part referred to the impact that this would have. We know that the government does not stash away its money in some little private room. We know it takes the money and uses it instead of borrowing. Surely the point of the entire matter is that government policies are affected by whether it has to borrow or does not have to borrow. There are very serious consequences for the country when the government acquires a much larger surplus than it has budgeted for, since that creates unemployment and reduces growth. This bill represents an attempt at avoiding a stimulation of the economy. The consequences to this country are very serious when the surplus is larger than that anticipated. It was this type of problem I was bringing to the minister's attention, in the hope he would answer.

• (4:50 p.m.)

Mr. Baldwin: You would have to spend $1 million on Information Canada.

Mr. Gray: Mr. Chairman, the subject referred to by my hon. friend really is a suitable one to be debated in a budget debate, or on an opposition day. It is an important subject and might be inscribed for discussion on an opposition day. It seems to me that comment upon government policy that might flow from the present operation of the government's budgetary policy would be better left to a forthcoming opposition day debate. In fact, it might be best suited to a budget debate, when the government will announce its future policy based on the past performance of its policies.

Mr. Saltsman: Mr. Chairman, it is not possible for us to discuss this measure in an intelligent way without looking at the effect it will have on the budget. I think there are two matters to be examined in connection with this proposal. We must examine what its effect will be on equity in taxation, because my colleagues have ably demonstrated that our present tax system is inequitable; and we must also determine what will be the economic effects of the measure, especially since the government has budgeted for a certain surplus. We must assume that the government

knows what it is doing. That being so why is it, after having budgeted for a certain surplus, that the government now feels it necessary to come along with this measure to collect an additional surplus. This is an important matter and requires an explanation from the minister. We ought to know what will be the economic effects of this measure, if it is passed.

Mr. Gray: Mr. Chairman, the budget statement gives an estimate of the yield which can be expected if the surtax is extended after the House agrees to that extension. One can therefore assess the economic effect by looking at the amount of the yield. One can also gain an idea of the economic effect by seeing who will have to pay surtax, and the amounts. This is something that can readily be computed by any hon. member.

The only thing I think I can add at this point is that the government has felt and continues to feel that the development of the surtax constitutes an important weapon in restraining inflationary pressures in a way that will be in the ultimate interest of all Canadians.

Mr. Saltsman: Mr. Chairman, we are obtaining very unsatisfactory answers from the minister. Actually, one might say they are non-answers. We are quite aware of the projections related to this measure. Since the government is to have a greater surplus than anticipated, I submit it is necessary for us to look at this bill and question the minister about it. How necessary is this measure, because we submit that it is very bad. The only thing that might make it palatable or acceptable to us would be if the government were to say, "We need it in order to fulfil some part of our commitment to the people and to help us manage the economy." We submit that if the government's surplus in any event is to be bigger than anticipated, this 3 per cent surtax is no longer necessary. The government already has collected the money for which it budgeted, in fact, it will have more. Therefore I ask, why does it need this additional 3 per cent to be collected through this surtax? What possible justification has the government for bringing in this measure? It should be dropped.

Sometimes hon. members of the House feel obliged to support measures which, although unpopular, are felt to be necessary. But the minister has not justified this measure on economic grounds; nor has he said the government requires this money in order to meet its budgetary obligations. Unless the government can make a case, I submit it will be on a sticky-wicket. It will need to bring forward its best bowlers and batters, because so far it has not made out a case showing this measure is necessary.

[Mr. Saltsman.]

Mr. Gray: Mr. Chairman, where I come from cricket is not played as much as it may be in my hon. friend's part of the country. It seems to me, however, that in his questions he has attempted to bowl a fair ball, and in answering his questions I have attempted to connect and to hit the ball. I hope I am using the appropriate cricket terminology.

My hon. friends have referred to the size of the surplus. No doubt they will recognize that the actual amount of surplus is not really known until the end of the fiscal year when the accounts are closed. The amount will not be known until the minister of finance of the day gives his report to parliament and the country in his next budget address. Therefore, I think that discussions as to what might be the size of the surplus had really better be left until we have a definite indication of the amount of the surplus instead of some estimate based on the current report of the receipts and expenditures of the government. Also, with respect to my hon. friend's remark that the extension of the surtax in question should be shown as being necessary in order to permit the government to meet its budgetary obligations, I may say that this point was dealt with by my colleague, the Minister of Finance, in his budget speech of June 3 when he said in part:

> —the extension of the surtaxes at this time is required for the purposes of economic stabilization, and not for budgetary revenues.

That is consistent with the policy the government has expressed through the budget statement of the Minister of Finance, namely, that the impact of fiscal policies should be such as to help to restrain the inflationary forces in the economy. The minister said in part in this regard, as reported at page 9416 of *Hansard*, that it is important, "not to relax the fiscal brake's exerted by the present structure of income taxes upon inflationary forces in the economy". Clearly, the conclusion was that the surtax should be extended. I submit to hon. members of the committee that the best way of disposing of the matter would be for this committee to take a decision on the advisability of the proposal at this time.

Progress reported.

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Béchard): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills: Bill S-15, An Act respecting McOuat Investments Limited, Bill S-16, An Act respecting Buccaneer Industries Limited, and Bill S-17, An Act to incorporate ICG Transmission Limited, to which the concurrence of this House is desired.

• (5:00 p.m.)

[*English*]

I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills (without amendment). Bill C-7, an Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System and Air Canada for the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada; Bill C-8, an Act to amend the Children of War Dead (Education Assistance) Act; Bill C-155, an Act to amend the Excise Tax Act and Bill C-157, an Act to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the Prairie provinces.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Béchard): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—Transport—Caribou-Wood Islands ferry service—improvement of facilities; the hon. member for Kootenay West (Mr. Harding)—Fisheries—Whitefish kill in Kootenay Lake; the hon. member for Hastings (Mr. Grills)—Canadian National Railways—Transfer of employees from Belleville to Montreal.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, Private Bills, Notices of Motions (Papers) and Public Bills.

[*Translation*]

PRIVATE BILLS

Mr. Fernand E. Leblanc (Laurier): Mr. Speaker, would the House agree to proceed immediately to the consideration of private bills instead of notices of motions (documents)?

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there have been some discussions about this and I think there is agreement, but perhaps I might be permitted to state the terms of the agreement. We are willing for private bills to be called first, but for the purpose of dealing only with Bill S-13 which is in the name of the hon. member for Laurier (Mr. Leblanc). We are prepared to give it second reading, refer it to committee of the whole and give it third reading today. We think this can be done in two or three minutes. We could then revert to Notices of Motions (Papers). If that is the request of the hon. member, this party is prepared to agree.

Mr. Baldwin: We are prepared to agree to the request made by the hon. member for Laurier. As to what has been suggested by the hon. member for Winnipeg North Centre, we have no objection if that is the wish of the House.

The Acting Speaker (Mr. Béchard): Is it agreed?

Some hon. Members: Agreed.

[*Translation*]

BANK ACT

AMENDMENT TO SCHEDULE A

Mr. Fernand E. Leblanc (Laurier) moved that Bill S-13, an act to amend Schedule A of the Bank Act, be read for the second time and referred to the Standing Committee of Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Béchard): Is the house ready to adopt the said motion?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Béchard): Carried.

Motion agreed to, bill read the second time and referred to the Standing Committee of Finance, Trade and Economic Affairs.

[*English*]

The Acting Speaker (Mr. Béchard): Is there unanimous consent for this bill to be studied in committee of the whole?

Some hon. Members: Agreed.

The House in committee on Bill S-13, to amend Schedule A of the Bank Act—Mr. Leblanc (Laurier)—Mr. Béchard in the chair.

On clause 1—

Mr. Knowles (Winnipeg North Centre): Perhaps, Mr. Chairman, the record should show that the reason that we are expediting this measure is that all the bill does is change the name in English of a particular bank.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Baldwin: On a point of order, Mr. Speaker. May I be permitted to say this should be an example to the minister that eloquent silence quite frequently is more effective.

The Acting Speaker (Mr. Béchard): The House will now revert to Notices of Motions (Papers).

PRIVATE MEMBERS' MOTIONS FOR PAPERS

Mr. Yves Forest (Parliamentary Secretary to President of the Privy Council): I just wanted to say, Mr. Speaker, that there have been certain discussions. We on this side are agreeable to standing the first three notices of motions because the members who are presenting them are not ready to proceed. We are prepared to deal with No. 65 in the name of the hon. member for Skeena (Mr. Howard).

The Acting Speaker (Mr. Béchard): Is it agreed?

Some hon. Members: Agreed.

INDIAN AFFAIRS

CORRESPONDENCE RELATING TO POLICY STATEMENT BY MINISTER

The House resumed from Thursday, November 20, consideration of the motion of Mr. Howard (Skeena):

That an humble Address be presented to His Excellency praying that he wil cause to be laid before this House a copy of all notes made at all meetings or conversations between the government or any agency or department thereof and any provincial government or agency or department thereof since June 25, 1969 relating to the policy statement on Indian Affairs made in the House of Commons by the Honourable Jean Chrétien, Minister of Indian Affairs and Northern Development on June 25, 1969.

[The Acting Speaker (Mr. Béchard).]

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, no one can criticize the government for their energetic Indian policy and the manner in which the minister has gone out to meet the Indian people of Canada. No department has made a more radical change in outlook than this department. It has made energetic efforts at all levels to meet the Canadian Indians, where they live as well as in the offices of government.

I submit that it makes a complete mockery of democracy to force the government to release interdepartmental communications before the department is willing to do so. If they do not wish to release privileged government documents, they should not be compelled to do so. All this does is embarrass the government and hinder the civil servants who are doing an onerous job.

Some hon. Members: Oh, oh.

Mr. Gibson: You laugh because you would like to get your hands on all kinds of government files and have a complete McCarthy-like witch hunt. This is typical of the New Democratic Party attitude. You are not prepared to conduct a dialogue in the open. You want to fish behind the files to find out what is going on.

Mr. Deputy Speaker: Order, please.

Mr. Gibson: This is in—

Mr. Deputy Speaker: Order, please. Will the hon. member resume his seat? I might remind the hon. member he should be directing his remarks to the Chair rather than to hon. members opposite.

• (5:10 p.m.)

Mr. Gibson: Thank you, Mr. Speaker. I was expressing my reaction to this critical, carping, prying attitude taken by members of the New Democratic Party. They are always trying to pry things out from government files, they are always on fishing expeditions—

An hon. Member: That's terrible.

Mr. Gibson: It is terrible because it denies the rule of law. Each Canadian citizen is entitled to be treated equally in the eyes of the law. This means that each civil servant has a right to the privacy of his thoughts, without big brother leaning over his shoulder. This is a subject for humour among members

of the New Democratic Party but it is a serious matter to the people of this country who wish to think freely. Free thought is vital to the running of a democratic country. We do not want our civil servants to be victims of a McCarthy type of witchhunt such as caused so much misery in the United States. We do not want that in Canada. We shall fight for the right of civil servants to express themselves freely while they are preparing their reports. We do not want to see this right whittled down.

Doctors, lawyers, union leaders and others in similar positions are allowed to think for themselves without disclosing working papers. What would happen if a government party could not introduce a policy without disclosing every opinion which had gone into its making? It is true some of these reports might have political implications—they might disclose a clash of political views, a clash of principle between people who think one way and people who think another. Why should civil servants be inhibited in the expression of their views on paper by the danger that those opinions may leak out before a final decision on policy is made? This is clearly a case where the government is responsible for keeping papers confidential until it is time for reports to be disclosed.

A recent report contained interesting information on this point. It stated on page 259 that there must always be an element of security, not simply on the ground of national security, when it comes to policy making. The report went on to say that at formative stages in reaching decisions civil servants, no less than ministers, should be able to disagree among themselves about possible courses of action without danger that their views might become a matter of public knowledge.

Surely, this is the issue now before the House. Must these interlocutory proceedings be bandied from pillar to post and handed out to the press before decisions have been reached? If we give way on this point, we give way on a matter of principle and, in effect, we are whittling down the right of civil servants to be treated with the same respect as any other Canadian citizen. For these reasons, I am opposed to the production of these documents.

Some hon. Members: Hear, hear.

Mr. Frank Howard (Skeena): I presume I shall conclude the debate at this stage if I make a few brief remarks.

The speech just made by the hon. member for Hamilton-Wentworth (Mr. Gibson) was, if I may say so, extremely revealing. I say this with great kindness and tenderness toward the hon. gentleman, because the only thing it revealed was his ignorance of the subject. He made a great deal of play in connection with interdepartmental documents and reports of people working in the public service. He spoke of the necessity of preserving their right to think, and so on. It is obvious that the hon. member did not even bother to read the notice of motion before the House because that notice of motion, which will be put to a vote within a few moments, has nothing to do with what the hon. member was discussing. If he had taken the trouble to read the motion—it is possible that the hon. member did, in fact, take the trouble but was not able to understand it—he would see that it asks for material arising out of notes and conversations between the federal governmnt and the provincial governments. These were discussions which the very minister to whom the hon. member referred in such glowing terms refused to allow the Indians to attend.

My hon. friend from Winnipeg North Centre (Mr. Knowles) tells me he was a member of this House when the father of the hon. member for Hamilton-Wentworth was in this chamber. My hon. friend from Winnipeg North Centre tells me also that there is a great difference between the hon. gentleman who is presently the hon. member for Hamilton-Wentworth and his father, inasmuch as his father at least had the sense to know when not to say anything. He used that sense regularly and steadily. I think the attitude adopted toward this House by his father would stand the hon. member for Hamilton-Wentworth in good stead. Obviously, the more he says the more he displays his lack of understanding of the fundamental issues with which we are dealing.

When this motion comes to a vote, the hon. gentleman and all his ilk on the other side of the House who would deny this information to the Indians of Canada will see who is the almost treasonable sort of person.

The House divided on the motion (Mr. Howard) which was negatived on the following division:

• (5:20 p.m.)

YEAS

Messrs:

Alexander	Bigg
Barnett	Brewin
Bell	Broadbent

Division

Burton
Carter
Code
Crouse
Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Fortin
Gilbert
Gleave
Godin
Grills
Harding
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
La Salle
Latulippe
MacEwan
MacInnis (Mrs.)
Macquarrie
McCleave
McCutcheon
McGrath
McKinley
McQuaid
Matte
Monteith
Muir (Cape Breton-The Sydneys)
Nystrom
Peters
Ricard
Ritchie
Rodrigue
Rondeau
Saltsman
Schumacher
Scott
Simpson
Southam
Stewart (Marquette)
Tétrault
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Winch
Yewchuk—53.

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Basford
Béchard
Beer
Blouin
Borrie
Buchanan
Caccia
Cafik
Chappell
Clermont
Cobbe
Comtois
Côté (Richelieu)
Côté (Longueuil)
Cullen
Danson
Davis
Deachman
Drury
Duquet
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Givens
Gray
Guay (St. Boniface)
Guilbault
Hellyer
Honey
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jerome
Lachance
Laflamme
Laing (Vancouver South)
Lang (Saskatoon-Humboldt)
Langlois
Leblanc (Laurier)
Lefebvre
Legault
Lessard (Lac-Saint-Jean)
MacGuigan
Mackasey
McBride
McNulty
Mahoney
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Noël
O'Connell
Otto
Penner
Perrault
Pilon
Prud'homme
Reid
Roberts
Robinson
Rochon
Roy (Timmins)
Serré
Sharp
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Trudeau
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting
Yanakis—90.

[Mr. Howard (Skeena).]

• (5:40 p.m.)

Mr. Speaker: I declare the motion lost.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, perhaps there might be general agreement to our calling it six o'clock.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: The hour allocated for the consideration of private members' business is now terminated. At eight o'clock the House will resume consideration of the business interrupted earlier this afternoon.

At 5.45 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

INCOME TAX ACT

AMENDMENT TO CONTINUE SURTAX

The House resumed consideration in committee of Bill C-139, to amend an act to amend the Income Tax Act—Mr. Gray (for Mr. Benson)—Mr. Faulkner in the chair.

On clause 1—

The Chairman: Shall clause 1 carry?

Mr. Burton: Mr. Chairman, there are just a couple of questions I want to ask the minister. I want to ask him for information on the yield that is expected from the surtax on the individual income tax, and also the yield that is expected from the surtax on the corporation income tax. Further, is there information that could be made available to members which could be used to provide a comparison between the tax structure without the use of the surtax, and the figures as shown in the white paper in the tables set out on pages 26 to 29?

Mr. Gray: Mr. Chairman, I wonder if I may ask the hon. member to repeat his questions. I

was trying to gather together some information. Perhaps if he would restate them I could make a more responsive answer, since I did not hear all that he said.

Mr. Burton: My first question is, what is the anticipated yield from this surtax for 1970, as applied to individual income tax returns, and what is the anticipated yield as applied to corporation income tax returns? My next question was with reference to the tables in the white paper on tax reform, given I believe at pages 26 to 29. Is there information to show what the comparison would be between present taxation and the expected taxation levels in the white paper proposals, on the assumption that this surtax were not to continue in 1970?

Mr. Gray: Mr. Chairman, I regret I do not have a copy of the white paper with me, and perhaps I should also add that I do not have that type of computation with me and am not certain if it is readily available.

Mr. Stanfield: It is just as well. You don't want to be caught with that on you.

Mr. Gray: Mr. Chairman, I think the white paper will be found to be the basis of a very equitable and sound system of tax reform. It was my impression that we were now dealing with proposals arising out of the budget of last June. With respect to the hon. member's second question, I will try to get him some information at a later date, if it can be computed.

With regard to his first question dealing with the expected additional revenues, I am informed that for the year 1969-70, the additional revenue from personal income tax would be $100 million, and from corporate income tax $55 million.

The Chairman: Shall clause 1 carry?

Mr. Knowles (Winnipeg North Centre): On division.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Burton: Mr. Speaker—

Mr. Deputy Speaker: Order. If the hon. member is seeking the floor he might wait until I put the question on third reading. This stage is not debatable.

When the shall said bill be read a third time?

Mr. Knowles (Winnipeg North Centre): By leave, now.

Mr. Gray (for Mr. Benson) moved that the bill be read the third time and do pass.

Mr. John Burton (Regina East): Mr. Speaker, it is not my intention to speak at any length on this stage of the bill.

Some hon. Members: Hear, hear.

Mr. Burton: I am glad to find I have such popularity on both sides of the House. I think the arguments have been set forth clearly by the New Democratic Party why we think this bill should not be proceeded with at the present time. I am disappointed in the answers that have been provided by the minister when replying to the proposals and points put forward by this party. We think that the fundamental point has not been answered by the government.

When the budget was presented last June, the Minister of Finance (Mr. Benson) made it clear that the government was not proposing to continue this surtax into 1970 for the basic purpose of securing further revenues, but rather as a measure to provide economic stabilization. We feel there has been a basic change in the Canadian economy since that time and that the government must take that into account before proceeding with this bill. We believe that the government has not taken the present situation into account. We feel that it has not demonstrated that economic conditions are the same as they were last spring and earlier in the summer when these budgetary proposals were formulated, and that the change in events since that time dictates a change in policy. The government has demonstrated quite an inflexible position in not giving proper consideration to the proposals placed before it by the opposition, and in particular by the New Democratic Party.

• (8:10 p.m.)

I noted with interest the exchange that took place between the hon. member for Waterloo (Mr. Saltsman) and the Minister without Portfolio (Mr. Gray). The minister seemed to indicate that the government was not too sure what the revenue outcome would be in the current fiscal year in spite of the very sizeable surplus of almost $850 million as of October 31. In spite of the fact that some rundown of this surplus can be expected during the balance of the fiscal year, I think it is quite clear

Division

that the government's surplus will be considerably larger than was anticipated by the Minister of Finance in his budget speech last June.

Nevertheless, since the Minister without Portfolio seems to feel that there is an element of uncertainty in the situation and that the government needs a little more time to deal with this matter, I would suggest that there is no real urgency to proceed with the bill through third reading stage now that we have heard the extent of the government's explanations. Perhaps the government should be given an opportunity to reconsider its position and obtain more data on the financial picture for the current fiscal year.

Consequently, Mr. Speaker, I move, seconded by the hon. member for Broadview (Mr. Gilbert):

That Bill C-139 be not now read a third time, but that it be read a third time this day three months hence.

Mr. Speaker, I suggest this would give the government the opportunity it needs to secure all the data required before passing final judgment and making a decision whether to proceed with this tax during the calendar year 1970 as proposed in Bill C-139.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion, the nays have it.

And more than five members having risen:

The House divided on the amendment (Mr. Burton) which was negatived on the following division:

• (8:20 p.m.)

YEAS

Messrs:

Alexander
Baldwin
Barnett
Bell
Burton
Carter
Code
Comeau
Crouse
Dionne
Douglas (Nanaimo-Cowichan-The Islands)
Fairweather
Fortin
Gilbert
Gleave
Godin
Grills
Harding
Howard (Skeena)
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
La Salle
Latulippe
Lundrigan
MacEwan
MacLean
Macquarrie
McCutcheon
McGrath
McKinley
McQuaid
Matte
Monteith
Nystrom
Peters
Ricard
Ritchie
Rodrigue
Rondeau
Saltsman
Schumacher
Scott
Stanfield
Stewart (Marquette)
Tétrault
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Winch—50.

NAYS

Messrs:

Allmand
Andras
Badanai
Basford
Béchard
Blouin
Borrie
Buchanan
Caccia
Cafik
Chappell
Chrétien
Clermont
Cobbe
Comtois
Cullen
Cyr
Danson
Davis
Deachman
Duquet
Émard
Forest
Forget
Foster
Francis
Gendron
Gibson
Gillespie
Gray
Groos
Guay (St. Boniface)
Guilbault
Honey
Hopkins
Howard (Okanagan Boundary)
Hymmen
Jerome
Lachance
Laflamme
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (Lac-Saint-Jean)
Loiselle
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
McIlraith
McNulty
Mahoney
Major
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Munro
Noël
O'Connell
Olson
Otto
Pelletier
Penner
Pepin
Perrault
Pilon
Prud'homme
Reid
Richard
Richardson
Roberts
Robinson
Rochon
Roy (Timmins)
Serré
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
St. Pierre
Trudeau
Watson
Weatherhead
Whelan
Whiting—90.

[Mr. Burton.]

• (8:50 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. McCleave: Mr. Speaker, I was paired with the Minister of Justice (Mr. Turner) in this vote.

Mr. Speaker: The question before the House is the main motion. Is the House ready for the question?

Some hon. Members: Question.

Mr. Speaker: Is it the wish of the House that we proceed with the vote without ringing the bells?

Some hon. Members: Agreed.

Some hon. Members: On division.

Mr. Speaker: Order, please. I want to make it quite clear that it is the wish of the House that the question be put without the call of the bells.

Some hon. Members: On division.

Mr. Speaker: Is it agreed that the motion be put without a recorded vote?

Some hon. Members: Agreed.

Mr. Speaker: is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

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

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed from Monday, December 1, consideration of the motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I feel it would be wrong if I did not make some remarks in connection with this reference, particularly in view of the type of reference that is being made. The House is being asked to refer this white paper to the Standing Committee on Finance, Trade and Economic Affairs, following agreement last June that it would be referred to a joint committee.

I support the contention that there would be advantage in sending the matter to a joint committee of this House and the other place. First of all, we understand there are some complexities in the Senate committee and in our own committee in connection with the hiring of staff to back up the committees. We are now to have two staffs, which involves double expense.

Mr. Knowles (Winnipeg North Centre): Then abolish the Senate.

Mr. Lambert (Edmonton West): I hear what the hon. member for Winnipeg North Centre (Mr. Knowles) says, but as long as the Senate exists it is as much a part of Parliament as this House. I suggest there would have been much better co-ordination at public hearings. As a matter of fact, I think we will run into the most unholy snarl in trying to co-ordinate the appearance of witnesses and others at both the Senate committee and the House of Commons committee. However, it is a government decision to refer this matter to both committees.

I know the Minister of Labour (Mr. Mackasey) who is sitting opposite does not give a damn about the public. Although the people who attend committees do so conscientiously, they are blithely dismissed by many members on the other side of the House who could not care less about the expense and the trouble involved in bringing businessmen here from all over Canada. Many members opposite should get off their comfortable pews. People from Vancouver, Calgary, St. John's, Newfoundland, and Halifax are entitled to come here and make representations. They do not come here for the sake of taking up residence for a few weeks at the Chateau Laurier, yet I think this might well be the result of the rather short-sighted action by the government.

Officials from the Department of Finance will be given the go-around in attending two committees. What they explain to the House of Commons committee they will have to repeat to the Senate committee. It would have been so much more convenient to have them appear before one joint committee. Quite frankly, I do not know why the government decided to adopt this what I call nonsensical, short-sighted approach.

The last point I want to emphasize is this. The Senators have a great deal to contribute by way of knowledge. Without being disrespectful, as far as taxation and financial matters are concerned many of them have a lot to teach members of the House of Commons. In the same way, we can also help them. Joint committee hearings would have contributed a degree of mutual assistance in this very important field.

I do not know whether the government was stampeded because some members to my left made remarks last June about some of the nominees to the joint committee. They seemed to think that some of these people had perhaps a conflicting interest because there were directors of companies among them. I point out that there are directors of companies in this House. Every member of this House is also a taxpayer and has a vested interest in the taxation system of our country. So why is there this unwarranted and phony smear on a number of Senators who are serving their country in the other place? Perhaps it is because some of them have been successful in business. Since when has it been a crime to be successful in business?

• (9:00 p.m.)

I suppose one should go around here in sackcloth and ashes and must have been to bankruptcy court a number of times in order to qualify as a parliamentarian, if one follows the argument of the New Democratic Party in attacking the members of the other place who would have sat on the joint committee.

I want to mention the attitude of the minister. He has become hypersensitive about criticism of the white paper. Maybe he has cause to be hypersensitive because he is suffering from shellshock. After the publication of the white paper he boasted that he was receiving words of praise in thousands of letters from people approving of his proposals. I am sure that now the score is reversed, because as an individual member I have yet to receive a letter of commendation. I have not had one person from my constituency or from my city tell me that he approves of the white paper. The letters which I receive are written on the finest grade asbestos.

A number of the people who have written to me have developed good businesses. They are the people who are making our cities, our towns and this country. They are the people who meet payrolls. They give employment to people coming out of universities. They are the ones who make this country go; yet this white paper will hit them like the knacker's hammer hits a steer. It seems to me that many of these business people will have to sell their businesses; they will get rid of them. If we are concerned about 603 businesses being taken over by foreign capital, let us just apply the provisions of the white paper as it now stands and see how many businesses will be sold. They will be on the market; they will be up for grabs, because if there is one thing wrong with the white paper it is that there is not one iota of incentive in it.

My first impression of the white paper has not changed one bit. It contains no incentive. I said this the night the white paper was published. There is no incentive whatever. On the contrary, the philosophy in the white paper is "Save and invest now and we will get you later." It comprises a combination of a capital gains tax, a small business tax and the estate tax at absolutely vicious rates.

Is this to be an egalitarian society? Is this the philosophy behind the white paper? I do not know what kind of dream they think they have, but it seems to be the idea that everyone is to be reduced to the lowest common denominator you could possibly find. I remember a slogan used in the election of 1949 in Great Britain. The Labour Party said, "Fair shares for all". The answer was, "Yes, fair shares for all; fair shares of mediocrity"—and how they have inherited that over the years. Fair shares of mediocrity is what we are headed for. The underlying philosophy of this paper is that you be a spendthrift, get rid of your money.

Let us look at what is being done. First of all there is a sort of hocus-pocus being attempted here. There is a deliberate, camouflaged attempt to show that 750,000 taxpayers will go off the tax rolls. This is based on an estimate in respect of 1969 income tax returns. But when for? For 1971 and 1972 incomes. If inflation continues at the present rate of 5 per cent, of course there will be a gradation of income and a lot of those 750,000 people who are estimated on the basis of 1968-69 incomes will have had their incomes inflated by another 10 per cent to 15 per cent. They will find themselves in the taxpaying bracket. There are no two ways about it. So why say 750,000 taxpayers? That is given as the estimate of the number of taxpayers who will be tax relieved as a result of the increase in exemptions.

If you are to talk about relieving the burden of those people, I say all right, go

ahead and do it now. You could give a good deal of relief by increasing the exemption for children, for instance, by $100. That would give interim relief to taxpayers who are finding it tough to meet their obligations. Or, better still, if you want to provide real equity, then give a tax credit. That is far more equitable than a tax exemption. If you have a $400 increase in tax exemption, everybody gains that. The man who earns $3,600 a year has an additional $400 for himself and another $400 for his wife. I am not complaining about him. But the man who earns $50,000—and there are very few of them—and the man earning $25,000 or $35,000 get the same. On the other hand, if you give them an equivalent tax credit, everybody having the same amount, it will be worth a great deal more to people in the low-income group. It will mean a great deal more to them than to those in the high-income group. That is a fairly complex matter, yet it seems to me if equity is the aim of this tax system, the tax credit system is preferable to a system whereby tax exemptions are increased.

We have no complaint about the principle of an allowance for working parents, although this will mean that a few more worms will come out of the can. My complaint is that this provision is to be applicable only to parents with children under the age of 14. What about the single working person who has an aged dependant? How many women in this city are supporting an aged parent and have to hire a nurse or someone to come in to look after a bedridden mother or father? They cannot obtain relief at all. The white paper does not provide equity in respect of working persons with dependants for whom money has to be put out as an expense of going to work. Therefore, as I say, it is short on that point.

I do not disagree too violently with the idea of a capital gains tax in certain limited categories, but why on earth pick on the family home? Why make a person a lifetime bookkeeper? Why place him in a position where he will have to value whatever paintings or works of art he may have? Why should he have to obtain a receipt when he buys something, and keep it? In addition, of course, this proposal will discourage the man who wants to be a proud and responsible homeowner and who would normally keep up his property, not necessarily by spending money on it but through not letting the home run down. He will have a more expensive property as a result, and he will get hit for it. What is this $1,000 a year allowance for occupancy? What nonsense! Is this $150 for maintenance an allowance of some sort?

• (9:10 p.m.)

Why go after the family home for capital gains? The only people who will gain from this will be the evaluators, because it will become essential to obtain a proper evaluation for the so-called V-Day; otherwise you will be caught. What about capital gains, in view of the present scale of the estate tax? I say, do not save now, do not invest now because it will all be taken away. Surely when the minister speaks about this five-year evaluation in widely-held Canadian companies, he realizes that everyone will get out of widely-held Canadian companies. Who will act as the arbiter of what is a widely-held Canadian company? Will it be the stock exchange? A widely-held company has to be one that can meet the requirements of a stock exchange listing. On this basis people will have to dispose of some of their stock or they may lose control of the company. This, again, will be a deterrent to Canadians.

I suggest to the minister a course of action taken in some other countries, that is, any time you have a roll-over of stock in a resource developing company, there shall be no capital gain tax so long as the investment is in resource development stock. Let the minister try that for size. I am offering this suggestion to the minister because I wish to be constructive. I believe this is the experience in Australia where people are investing in their own resource development companies; they are participating in the improvement of their own industries. My time is limited, and therefore—

Mr. Knowles (Winnipeg North Centre): You still have time.

Mr. Lambert (Edmonton West): The initial order was for 20 minutes on this motion. I will speak for 20 minutes and will give other members, particularly those on the other side, an opportunity to speak. I should like to hear members of the finance committee speak seriously about some of these problems. I am sure they have received the same kind of letters as I have. Let us put forward these views now. The minister has opened the whole subject matter of the white paper. I think that much of this debate should not have taken place under the rules governing the reference of a paper or a document to a committee, which allow for limited debate only. The minister

made this debate wide open when he spoke about the contents of his white paper. Since he spoke, everybody else is entitled to do so.

In summary I say, first, that this is the wrong kind of taxation system for this country. This tax proposal will deter people from accumulating capital. It will load the requirement for tax revenue on the back of the taxpaying public whom we do not want to overload. They are people between the ages of 30 and 60. Ask the trust companies and the life insurance companies which groups of people in this country save the most, and you will find that persons between the age of 25 and 30, those who are newly married and so forth, have more than enough to do to make the first payments on a home, to buy a car and to cover all the expenses of starting a family. They are not the savers. But people from the age of 30 all the way up to 60 are the ones who save most. After the age of 60, the incentive to economize tapers off considerably.

The people who will be burdened with the additional tax, and some of it is vicious in the accelerating rate of its increase, are earning between $9,000 and $25,000. What is so sacrosanct today about earning $25,000? All sorts of people in the government service earn this amount. Teachers, high school principals, municipal officials and provincial officials earn about that amount. Are they to be considered in the wealthy class? Are those who earn between $12,000 and $13,000 to be considered in the wealthy class, as the minister said? Under agreements signed a few weeks ago, carpenters, plumbers and electricians will be earning more than $12,000 or $13,000, not including overtime. When they earn $7 an hour, that is what it comes to on a yearly basis. They are now in the wealthy class. I ask the minister to speak to high school teachers who in some cases are now receiving a fairly decent salary of $10,000 to $12,000 a year. He should listen to their complaints.

I say that this white paper demands the most exacting examination. The minister has already indicated a number of areas that are giving him concern. He must be suffering from shellshock resulting from the attacks on the white paper which have come to him in a steady flow of letters. He should not get involved in intemperate attacks, such as the one he indulged in yesterday, against the presidents of two or three banks of this country and some others who have been critical. Have they not the right to criticize? The minister assumes the right to criticize any and every person. They have that right also. What is wrong with businessmen attacking the white paper? I could almost say it is petty-mindedness to jump on the backs of people who make sincere criticisms of the white paper. I would like to see the white paper go to committee. I do not want it to go to the finance committee of this House; it should go to a joint committee.

Mr. Steven Otto (York East): Mr. Speaker, may I ask the hon. member a question? The hon. member argued that this white paper should go to a joint committee for consideration. Whether or not this should be done, I am sure the hon. gentleman is aware that it is being considered by the Senate committee. I am not supposed to mention the Senate in the House, for some reason or other; I am supposed to say "the other place". However, the fact is that that committee is sitting at present and is investigating this matter. Would the hon. member tell us how he thinks the Senate can disband that committee, in light of the fact that the Government Leader of the Senate is determined to show the House that he has a better committee? In fact, he has already offered to the chairman of the House of Commons committee the benefit of all the effort and research of the Senate committee. If the government is to follow the hon. member's suggestion, we will have two committees—the Senate committee and a joint committee. How does the hon. member think the Senate will disband their committee?

• (9:20 p.m.)

Mr. Lambert (Edmonton West): I know that the die is now cast, but I am criticizing the decision that was made. The decision was made when the Government House Leader in the other place laid out the business. The reference was to be to the Senate Committee on Banking and Commerce, the same as when this item was posted on our Order Paper many weeks ago.

Mr. Otto: That is yesterday's apples.

Mr. Lambert (Edmonton West): Whether they are or not, I can still criticize them.

Mr. Macdonald (Rosedale): On a point of order, Mr. Speaker, and to give greater clarity, you will recall that a special order of the House was made for this debate several weeks ago, saying that the Standing Orders would be changed for this debate so that hon. members would speak for a maximum of 20 minutes. Some 21 members, including the

hon. member for Edmonton West (Mr. Lambert), have observed the terms of that special order. In fairness to them, I wonder if we could continue that order so that no hon. member except the four lead-off speakers would be in a position to speak for a longer period.

The Acting Speaker (Mr. Béchard): Is this agreed?

Some hon. Members: Agreed.

Mr. Max Saltsman (Waterloo): Mr. Speaker, I am not going to take the remarks of the President of the Privy Council (Mr. Macdonald) personally, even though he made them just prior to my rising.

Mr. Otto: What about all the books you have there?

Mr. Saltsman: I won't use all of them, just about half of them.

Mr. Baldwin: Those are all the letters he got opposing the white paper.

Mr. Saltsman: The House appears to be in a cheerful mood. We heard Christmas carols as we were waiting for a vote, and we are all optimistic for the coming season. Unfortunately, we have only to read this white paper to lose some of the natural optimism of which we are capable. There are many things in the white paper that would deter the most determined optimist. Although there are in the white paper some proposals with which we agree, on the whole it seems a foolish, half-hearted document. It seems cautious to a fault, and it seems to place the wrong emphasis in many areas.

Sometimes I become a little historical, sometimes I wonder what a new generation coming after us, reading the *Hansard* of our time, will think about events in this chamber. That new generation may very well live in an age when the name Canada is a forgotten memory, when the historians will say this was a great nation with great potential, which declined because there were foolish men in its government; it was a country full of promise, which had some of the greatest natural resources in the world and marvellous people who were respected all around the world; many small nations looked to us for assistance and help; we were a light that failed. They will wonder why.

They may look at the newspapers of today and see that the warnings were clear, the signal flags were flying, pointing out the dangers facing the country, and yet the warnings were ignored. They will read about a man called Walter Gordon who sat with the government for a long time, who was concerned about the future of his country, who went up and down the country sounding warnings about the danger we were in, and who had to leave government with a broken heart.

They will read about another man called Watkins, who wrote a report pointing out the great dangers facing the country. He made some headlines in the newspapers and then was ignored by the very government that authorized him to conduct an investigation in the first place. They will see that there was no shortage of people to point out the great problems facing the country. Then they will look at the white paper and wonder how in the world any government ever believed that the proposals contained in it would meet the problems facing the nation.

They will not know of our sincerity. They will not know how we looked standing here in this chamber. They will not know how hard we tried. All they will know are the words contained in *Hansard*. For instance, among the things they will read are the remarks of my honourable, distinguished and erudite friend from Edmonton West (Mr. Lambert), expressing his great and grave concern for the wealthy of this country at a time when the nation was in serious trouble—and they will wonder why.

I think it will be rather laughable for them to examine those remarks, because if they know anything about history they will recall that there were days when there was no income tax and when millionaires could keep all their capital to themselves. What did they do with it, Mr. Speaker? Did they invest it? There are many stories of how the great robber barons at the turn of the century threw great parties and lit cigars with $100 bills so that they could revel in luxury. These were the days before some of their money was taken away from them. The assumption today is that if we take some money from the wealthy, the country cannot grow. Perhaps it would be a good thing to remove the imposition of income tax from the wealthy so they might continue with their gay parties and good living.

Future generations will read in the newspapers that some of our business leaders were horrified at the reforms contemplated in the white paper. They will read how they abused the Minister of Finance (Mr. Benson), how they called him a Socialist. They may even read this headline in the Kitchener-Waterloo *Record* of December 9, "Benson Paper

Rapped as 'Shocking' Blueprint for Socialism." Would it were so, Mr. Speaker, but I am afraid it is very far from the truth. Whatever his merits may be, I am afraid the Minister of Finance is not a Socialist.

The generation of the future will read these things and will think that these business leaders were ingrates. After all, the Minister of Finance has been very good to them. One day he stood up in this House, in reply to a question I put to him about bank profits, and virtually said, "It is a good thing they are having these profits. After all, we get some of them. We are partners." I think the bankers of our country are terribly ungrateful and do not show the respect that they should for the minister.

When business leaders call for belt-tightening, it is always government belt-tightening they mean, belt-tightening on all sorts of public expenditures, on housing for low income families, on aid to disturbed children, and on hospitals. They do not call for belt-tightening in respect of other activities in our society, no matter how frivolous those activities may be. Day after day we see advertisements urging people to borrow money and to make use of credit cards. There is no belt-tightening in that sector.

At times like this I am almost inclined to be sympathetic to the Minister of Finance for the terrible abuse to which he is being subjected. Here is a good, solid reactionary bringing in a good, solid reactionary document and he is being called a Socialist.

Mr. Baldwin: It is almost libellous.

Mr. Saltsman: It is almost libellous, as one hon. member says. It is no way to treat a good, solid reactionary and is unfair to a man who is trying hard to be solid. History will recognize these proposals for what they are—a smug, comfortable government making a few slight gestures in the direction of progressiveness.

• (9:30 p.m.)

Mr. Speaker, I started by saying that I am an optimist. I like to believe that Canada will survive the kind of government we now have and that the public will see through the rather obsolete, tired and foolish documents of this government when the white paper is examined. It will be our role to analyze this paper and point out its very serious defects so that the Canadian people will see what they are up against. The minister is trying to keep a leaky capitalist ship afloat by patching it.

We have to ask ourselves what tax reform should consist of. Is this tax reform, or is it a piece of patchwork? How significant are the proposals placed before us? I would suggest, Mr. Speaker, that this is not tax reform at all. Tax change, yes, but not tax reform. The major criterion of any tax system must be equity. How equitable will this system make our society? It fails miserably because it perpetuates the same old double standard that has always existed in this country. Self-employed people are free to make expenditures and get deductions not available to those who work for wages or salary. The system for the first time permits a deduction of up to $150 for expenses resulting from employment, but it is certainly not fair enough. It does not change the basic principle and the basic difference in treatment of two groups of citizens.

The white paper should have made a recommendation that the tax free allowance for Members of Parliament be discontinued. I think it is impossible to justify it in this day and age, especially when Members of Parliament are supposed to be trying to demonstrate that our tax system should be changed. I am sure there is not a member in this House who could not make a case for the $6,000 expense allowance, but he should have to make that case. It may be argued that it could present some difficulty in producing bills, etc., but the small expense involved in justifying the expense allowance should be undertaken. I believe this recommendation should have been contained in the white paper. There is a rumour that it was considered and dropped. The white paper should have the courage to make changes. I suspect the reason such a proposal was not contained in it is that the government was not being very courageous in other areas.

Earlier in this debate there was a discussion about the role of the Senate. The hon. member for Edmonton West pointed out that some Members of Parliament have a conflict of interest. I think the day is coming when members will have to indicate where they stand, just as it has been suggested that those in the other place should indicate their association with interests likely to be affected by the proposals in the white paper. Members of Parliament must always be beyond criticism. It is a difficult position and perhaps in some ways it is unfair. Those of us who will be working on this paper must be cognizant of the fact that everything we do will be subject to criticism, that our sincerity will be questioned and that sincerity should be demonstrated.

Obviously, any tax system has to raise revenue for public purposes. This is one of the purposes of taxation. But the proposed tax system ignores much of the revenue potential in our society. It still provides special advantages for the mining and oil industries and does not deal adequately with things like surplus profit. For instance, nickel is in tremendous demand around the world but our tax system enables the producers to reap a speculative profit over and above the cost of production. If it were profit based on skill or intelligence, perhaps an argument could be made for entitlement; but it is a profit derived from the natural resources of this country, to which we are all heir. It is our heritage and we are entitled to see that the rewards of that heritage are equitably distributed.

The same is true of bank profits. It is the government's policy to ensure that interest rates remain high because in that way windfalls accrue to our financial institutions. True, we get some of it back in taxes. Their profit does not depend on skill or intelligence; it depends on the gratuitous granting of that right to them by the government of Canada. This tax system does very little to tax sources of income different from the traditional ones. On the contrary, the greatest burden of taxes will now fall on the middle-income group in this country. As was pointed out by the Carter Commission, this group is perhaps the most valuable in our society. It includes skilled tradesmen and many professional people whose entire income generally comes from salary and who do not have available to them the outlets available to those who are self-employed.

I suggest, Mr. Speaker, that unless this particular recommendation is changed, there will be dire consequences for this country because that group includes some of the most talented but also some of the most mobile of our people. I have spoken to many in the middle-income group who would be reluctant to leave Canada and would put up with a fair amount of abuse before doing so. However, if the tax burden becomes too great, they will leave the country. This is a very serious flaw in the proposal.

If we look at our tax system we have to ask how it contributes to a just society. After all, the words "just society" are on everyone's lips today. Any taxation system which garners taxes only on the basis of income receipts is unacceptable in a modern age. Our tax system ought to be changed and should include provision for permitting our people a guaranteed annual income. We should have a negative income tax, or taxation on a demographic basis, as the hon. member for Winnipeg North Centre (Mr. Knowles) has said.

• (9:40 p.m.)

We must find ways of redistributing income through our taxation system and put money into the hands of those who do not have enough money to pay taxes. We must ask ourselves how a taxation system will help preserve us as a nation, as well as how it stimulates industry. To my way of thinking, nothing in these taxation proposals indicates the government has the slightest concern for the people of our country. Will these proposals permit us to establish those industries for which the country has a potential, or will we, because of the proposals, adhere to our colonial past as producers of raw materials?

It is obvious that these proposals will mean we will continue producing raw materials as we have been, because they favour the extractive industries. Also, despite the analysis by Carter showing how our relying on the production of raw materials will affect us, the proposed taxation system will continue bonusing the oil and mining industries, even when it has been shown that that is completely unjustifiable.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise to take part in the debate on the proposals contained in the white paper. I propose to relate my remarks to a specific portion of the white paper, that portion dealing with the taxation of small businesses and farms. I do so because I feel that if I did not speak on behalf of those involved in this area, I would be remiss in my duty to those in my constituency who come within that category.

The economic backbone of the area I have the honour to represent is composed largely of incorporated farms and small businesses. Although we have major industries in the area, I think I can say with complete justification that the base of our economy lies in the small business. Small businessmen as a group will probably suffer more than others if the proposals contained in the white paper are implemented. I fear that if some of the injustices contained in the white paper are not drawn to the attention of the government, it is quite possible they will be incorporated in the legislation.

May I first discuss the matter of small businesses and how the white paper proposals will affect them. As I said, our small businessmen will be hardest hit of all if the white paper's proposals are implemented in their present form. I wish to deal with some of the ways these proposals will hurt small businessmen. First, small corporations will pay more taxes under the proposals, because of the proposed increase in corporation taxes and because of the capital gains tax small corporations may be required to pay. Second, since small corporations will no doubt have to pay more taxes, it will become more difficult and more expensive for them to expand.

Here I am thinking of a flourishing industry in Port Dover, a florist industry which contributes greatly not only to the economy of that town but the entire country because it does business far beyond the borders of our country. Not long ago I was discussing the white paper proposals with some officials of that company and they were appalled by them, saying that if they are implemented they will make a marked difference to the company's ability to expand. The company's ability to construct new greenhouses will be severely curtailed.

The third difficulty also involves finances. There will be pressure on corporations to pay out dividends, and that will make management of such corporations much more difficult. Such work may be beyond the scope of laymen and as a result more expert employees, accountants and other specialists will have to be employed by small corporations in order to look after certain financial aspects. Clearly, small business owners will find it increasingly difficult to retain control of their small businesses. Furthermore, in order for them to raise capital and pay taxes they will have to expand their businesses by selling shares and becoming publicly-owned companies. In so doing they will widen the basis of company ownership and will lose that personal control they have held until now.

I might say that most Canadian farms are incorporated and my comments about small businesses could be made equally about small farmers. I shall go into greater detail on the question of farmers in a minute or two. The Toronto *Telegram* of November 12 had this to say about the proposals, as they relate to the small businessman:

> Already small businesses have a hard time competing with big businesses, the wiping out of a tax preference might end them.

[Mr. Knowles (Norfolk-Haldimand).]

The government ought to take these remarks into account. The Ottawa *Journal* of November 12 said as follows:

> The proposal (respecting five year accruals) would force owners of many small companies that have gone public to sell control of their firm to pay taxes.

That underlines the point I stressed a minute ago. Let us examine, Mr. Speaker, more specifically how these proposals will affect the incorporated farm. Farms are incorporated for a number of reasons, the first being, I suppose, the hope that incorporation will place them in a more favourable tax position. That does not necessarily follow. This is a legitimate business practice, and there is nothing wrong with it. Farms are also incorporated in order to help owners plan their estate. It is much easier for a farmer to pass the control of his farm to those of the next generation if he can hand down to them shares in a limited company, the farm.

As I have said, the factors here affecting incorporated farms also apply to small businesses. But there are other reasons that lead farmers to incorporate, Mr. Speaker. The institution of a system of capital gains taxation has very widespread implications for farms large and small. The new proposals will affect what I term recapture of depreciation write-offs. For instance, a $10,000 tractor which might have been written off, for taxation purposes, over a five-year period at a depreciation rate of 15 per cent is traded in, let us say, on a new tractor and brings an allowance of $2,000. Under the new proposals the farmers will be liable for taxation on the written off tractor. This is a direct change from the present situation in which the farmer is specifically exempted from recapture of depreciation, that is, from taxation on the recaptured depreciation.

Most farmers have been operating on a straight line depreciation basis. Under the new system they will have to work under a diminishing balance system which will depend upon the category of the particular capital asset being considered. This will place farmers in a most unfair tax position. Farmers are also to be taxed on the gains made from the sale of livestock and equipment. If these proposals remove the present basic herd allowance as a non-deductible capital expenditure, I submit that the whole concept will disappear. As my colleague said a few moments ago, the work of the average farm owner who wants to keep a proper record of the value of his assets will be increased a hundredfold.

• (9:50 p.m.)

Farmers are also subject to all the problems inherent in small businesses seeking funds for their expansion. It is often difficult for the farmer to obtain funds with which to acquire more land. Our Department of Agriculture officials seem to be enamoured with the concept of the large or integrated farm. If that is to be done, capital will be required to do it, capital far in excess of what can be obtained from present outlets. Farmers will be able to deduct capital losses on principal residences, but only if those losses result from the sale of a farm. I could go on, Mr. Speaker, but I have given enough detail to show that the present proposals in the white paper on taxation will work an unjustifiable hardship on small businessmen and farmers. I think what I have said is pretty well summed up in an article that appeared in the November 11, 1969, edition of the *Globe and Mail* from which I now quote:

> The 21 per cent rate persuaded small and new businesses to plow much of their earnings back into the business. By taxing them at a concessionary rate it provided them with an internal source of expansion capital. It also permitted them to defer the payment of tax at a level higher than 21 per cent until they took earnings into personal income, which might be for many years. This provided a second source of capital.
>
> Now the small businessman will have to pay 50 per cent on all his profits. If he takes them into income he will almost certainly be paying at a rate higher than 21 per cent.

As the white paper sets out, in a few years it will be at the rate of 50 per cent.

> Either way he will have less capital to develop his business. The small business, moreover, has always been at a disadvantage in the market place; it has always been less able than large business to borrow for expansion.
>
> The proposals of the white paper will make it much more difficult for a man with bright ideas to start and build a business.
>
> Canadians cannot know how much of their productivity and prosperity has depended upon creative men who started small, with the aid of the low 21 per cent rate and eventually grew big and forced their competitors to grow also, and thereby provided wealth and jobs all round.

One has only to look at any small business community to see the effect it has on the economy. It brings employment and wealth into the area. The tax base is widened as a result of expanded business enterprise. Having emphasized the recommendations as they now exist, perhaps it is only fair to suggest alternatives or in what way the proposals of the white paper could be changed to make it more palatable and easier for the small businessman to prosper. As my colleague mentioned a few moments ago, the whole concept of increasing the corporation tax at the rate of 50 per cent should be looked at in light of the succession duties that will ultimately be levied on a particular estate and company. Surely, if it is the intention of the government to tax at the rate of 50 per cent on all profits, by the same token the company should be relieved of the heavy succession duties that are now levied against it. The two should be looked at as one. If a study were made, the succession duties would of necessity be abolished.

The other way out, of course, is to leave the incentive as it is at present. It could be left at the rate of 21 per cent on the first $35,000 profit on business. Perhaps we could devise a method of tax credit to the company such as accelerated depreciation. These are ways in which it could be made more palatable and easier for the small businessman. Sometimes it is difficult for the small businessman and the farmer to get together to present a brief in a form which puts their case forcibly enough to the government.

I trust the committee to which this matter is referred will see that opportunity is given for the farmers of this country, either through their organizations or private individuals, to have every opportunity to set forth, perhaps more eloquently than I have done in these few minutes, the case for a taxation policy that is related to their business.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, the white paper which we are now discussing is a well-prepared document. In spite of what has been said in some quarters, it makes a number of technical problems fairly understandable. The scope of its recommendations and the material included in it are such that a considerable period of time will necessarily lapse before its full implications can be analysed. I was very pleased with the format the minister chose for bringing this matter to the attention of the House. It means that by the device of a white paper the government has not committed itself to an inflexible proposal. The committee that will hear representations from many parts of this country is well qualified to sort them out and to make recommendations which I am sure will be fruitful to everyone concerned. Tax reform is a particularly difficult and complicated matter, especially when it is of the magnitude which is contained in this white paper.

I believe it is ten o'clock, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

TRANSPORT—CARIBOU-WOOD ISLANDS FERRY SERVICE—IMPROVEMENT OF FACILITIES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, just a month ago I raised a question with the Minister of Transport (Mr. Jamieson) regarding the Caribou-Wood Islands ferry service. This was not the first time I had discussed the matter in the House. It has also been raised by my colleagues from Prince Edward Island and the hon. member for Central Nova (Mr. MacEwan). It is a matter of importance to the province. Indeed, it is a matter of importance to the whole area. Anyone who knows the story of Maritimes transportation realizes it has always been a matter of great concern to us. It is a most important economic consideration.

Surely a great need in Atlantic Canada is the full development of the economic advantages which we have. I recall the expression from the economic textbooks comparative advantage. In the tourist industry, a most expansive and expansible industry, we have an opportunity to help ourselves. The growth of tourism is most encouraging. I rejoice in this fact not only for mundane economic reasons but because I like people to see the beautiful part of Canada which is the Maritimes.

We have a most successful service from Wood Islands to Caribou. This is shown very clearly from a few figures which I will quote. In 1957, 84,000 passengers were carried on this service. Up to November of this year this figure had risen to 320,701. The automobile traffic has risen from 23,000 to nearly 95,000, a phenomenal growth. Many more people would use this ferry service if it had more boats and more room.

• (10:00 p.m.)

As the great tourist attractions of the other island, as we call it down there, Cape Breton, become more widely known and appreciated this route will become one of the great routes for tourist traffic and for vacation tours. A natural vacation tour is Prince Edward Island, historic Pictou County where my ancestors were dragged out by the nasty English, Cape Breton's magnificent Cabot Trail, and that wonderful fortress at Louisbourg which is becoming so attractive. We need more boats and more service from the boats which are there. I am not yet convinced that navigational aids cannot be put there which would allow night-time traffic.

I pay tribute to the efficiency of the crews. They are courteous, they are competent and they move traffic as well as they can, given the existing facilities. But we must have more boats. The Minister of Transport, for whom I have a high regard, although he disappointed me somewhat bcause of his lack of a sense of urgency in connection with Charlottetown Airport, is, I hope, the kind of man who can do something about this problem. I expect good things from him. The present need is known; it is demonstrated clearly. Future needs can be clearly forecast. We need no more studies, no more looking into the situation, no more consideration. The people want to use the service and they have demonstrated this for many years.

It seems only a few years ago that the hon. member for Central Nova and I went over in the *Lord Selkirk* when it was a new boat. We had a most delightful trip across the Northumberland Strait and I hope we can repeat it when a new boat is put there. I would say that the *L. M. Montgomery* would make a fine ship there if facilities are suited, but it would be foolish to rob Borden to pay Wood Islands. I would suggest a new ship, and I am so co-operative and thoughtful and helpful tonight that I am even prepared to suggest a name for the new boat. I would suggest it be called the *John Angus MacLean,* recalling the services of a man who has distinguished himself in the House of Commons for 18 years and whose ancestors settled in the Belfast area which is served by the Wood Islands-Caribou service.

I have suggested a name. I have provided the inspiration, I hope. I surely do not have to detail the argument. I hope the hon. member for Central Nova and I can make this trip again in a new ship and that we can call at that wonderful restaurant over in Caribou, the Seahawk, which is outstanding for its blueberry pie and other treats in which the Minister of Transport and I ought not to be indulging. The parliamentary secretary might get away with it because he has a better figure. But this, too, is a feature on the Caribou side which should be developed to improve the facilities on the pier for the waiting public. The main thing is to get a new boat to strengthen tourism and to develop our economy. I hope we shall hear some good news from the parliamentary secretary

and that we may expect no more dilatory delusions but concrete action.

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the hon. member concluded by saying he hoped to hear some good news from the parliamentary secretary. I can tell him that the parliamentary secretary will give him some news, though it may not be as good as he is expecting. The hon. member also told us he expects some good things from the minister. If he had expected bad things I should have been greatly surprised, because everyone knows that the minister is strongly attached to his department and is doing everything that can be done to improve transportation in every part of the country.

The hon. member told us something of the beauty of the province from which he comes. Last summer I almost had a chance to go to Prince Edward Island with my family, but in the end it did not materialize. However, after hearing all the good things the hon. member had to say about Prince Edward Island, I shall do my utmost to visit that province next year, at which time I shall be in a position to reach an opinion at first hand.

The hon. member told us that his province was one of the belle provinces of Canada. In that case, it would have to be the second one because the first would, of course, be the belle province de Quebec.

Now I have to give the hon. member the reply which the department has prepared; the reply which would have been given to him had the minister himself been here.

There are two problems connected with the ferry service. One is the inadequacy of the terminal facilities and the other is the question of ship capacity. Terminal facilities are wholly within the responsibility of the Department of Transport, but the operation of the ships is administered by the Water Transport Committee of the Canadian Transport Commission.

So far as the terminal facilities are concerned, the province of Prince Edward Island has over the last year constructed a combined tourist bureau and ferry terminal with restroom facilities and a car park. There is some further work to be done on these facilities. At Caribou plans have been drawn up by the Department of Public Works, on our instructions, for a new car park with restroom and eating facilities. The total cost of the program will be shared with the province of Nova Scotia. It is planned to have the facilities in operation next year. So far as ferry capacity is concerned, it is recognized that the two vessels at present on the service are very much overstressed during peak periods. As far as the question of a suitable vessel is concerned, all possible avenues are being carefully explored to see what can be done to provide one.

The hon. member for Hillsborough (Mr. Macquarrie) has suggested a name for a new ferry boat. I will draw his remarks to the attention of the minister, and as soon as the department decides that an additional boat is required we will discuss whether it is possible to adopt the name put forward by the hon. member.

FISHERIES—WHITEFISH KILL IN KOOTENAY LAKE

Mr. Randolph Harding (Kootenay West): Mr. Speaker, on November 26 I asked the Minister of Fisheries and Forestry (Mr. Davis) the following question, as reported at page 1268 of *Hansard*:

> Has the Department of Fisheries completed its investigation of the heavy kill of whitefish which took place in the west arm of Kootenay Lake over two months ago? If so, what was the cause of the heavy fish kill and what steps have been taken or recommended to prevent the recurrence of a similar disaster?

Since I received no reply to my question from the minister I felt the matter was serious enough to warrant raising it again in the House, and I welcome this ten o'clock period to outline briefly the problem involved and to make some observations on the apparent shortage of research facilities in the fisheries department.

Last summer a very heavy and concentrated kill of adult whitefish took place in the west arm of Kootenay Lake. I have seen a number of estimates of the fish kill and they vary considerably. However, there is no doubt that the kill was far in excess of the 100,000 fish estimated by the British Columbia Fish and Game Branch to have died up to the middle of October.

The most disturbing feature is that the cause of the fish mortality had not been definitely established more than two months after it was first observed. Unless new information has come to hand, I believe that the biologists are still not certain of the real cause. Perhaps the minister will have some further information tonight about the cause of the fish mortality, and more importantly about what measures can be taken to prevent a recurrence of a similar disaster.

The beaches and shores of the west arm were littered with dead whitefish. I have talked with fishermen who claim that large numbers of them were also found in the main lake. However, the west arm of Kootenay Lake appeared to be the main source of the kill. It is disturbing suddenly to find thousands of fish dying, with blood oozing from their fins and tails and a white growth around their gills. One report suggests that they were killed by a fungus disease. A number of other possible causes were suggested, such as poisoning by pesticides or residue from heavy metals.

Perhaps the most disturbing aspect of this whole affair is that it vividly illustrates the very limited and inadequate research facilities that exist in Canada for checking into fish diseases. We have many competent biologists in this country. A number were sent into the area to check on the whitefish, but it appears that lack of research facilities greatly hampered them in finding the cause of the fish mortality. I understand that samples of the fish were sent to the federal government's biological research station at Nanaimo, but it appears that Nanaimo has neither the facilities nor the specialists to handle research projects associated with viruses. Other samples were later sent to the Western Disease Laboratory in Seattle, Washington. This points up the urgent need for expanded research facilities in this field in Canada.

• (10:10 p.m.)

Once a disease strikes fish, as it did in the west arm of Kootenay Lake, it is urgent that a very early assessment of the cause be made. In this day and age, with water pollution problems becoming more serious every day, we can expect to find other cases of fish diseases and it is a cheap investment to protect our fisheries with the most up-to-date research facilities possible. I would suggest that a possible site for one of these modern research stations is right in the centre of the Kootenay country where we have one of the finest fishing areas to be found in Canada.

Mr. Speaker, I hope the minister will be able to give us the full story on the whitefish kill which I have mentioned and that he will be able to outline the measures needed to prevent a repetition of this disaster. I also hope he will press for an immediate increase in the research facilities required to cope with any and all types of fish disease. This heritage is too precious to lose because of lack of knowledge due to inadequate research facilities, or the lack of enforcement facilities if pollution problems need to be checked.

[Mr. Harding.]

Hon. Jack Davis (Minister of Fisheries and Forestry): Mr. Speaker, the hon. member for Kootenay West (Mr. Harding) asked whether the federal Department of Fisheries has completed its investigation into the whitefish kill in Kootenay Lake during the summer. The answer is no, we have not completed our investigation. This is a freshwater lake. The waters do not flow through salmon streams into the ocean. This lake therefore comes under the jurisdiction of the provincial authorities. As the hon. member undoubtedly knows, our fishery authority, is delegated to the provinces in respect of freshwater lakes and streams across the nation. Any lake which is freshwater comes under the provincial authority, in this case the British Columbia Fish and Game Branch.

The provincial people collected samples of the whitefish killed during the summer. They immediately alerted our people at the Fisheries Research Board and various studies have been carried out. We know definitely that the cause is not pollution in the sense of waste, for example, from one of the mines in the area. I believe there is only one mine in the immediate vicinity which produces heavy metals. There is no indication that lead, zinc, and so on, are the source of the problem. There is no evidence, either, that insecticides or pesticides caused the fish kill. It is thought, as the hon. member mentioned, that a disease is the cause, but the nature of the disease has not been finally established.

It is not for lack of effort or indeed lack of competence on the part of the people in the Fisheries Research Board that the evidence is not conclusive. We have one of the largest and finest biological stations anywhere in the world at Nanaimo, and we have also involved the scientists at the University of British Columbia and in the U.S. Pacific northwest. We need more research effort, as the hon. member suggested, in respect of fisheries and we need improved facilities. But the fishing industry in Canada, in relation to the value of our output, attracts the largest research development anywhere. Between 6 per cent and 7 per cent of the gross value of the product is invested by the taxpayers in research and development. So it is not for lack of competent people and research facilities that we still do not have the answer to this particular problem on Kootenay Lake.

CANADIAN NATIONAL RAILWAYS—TRANSFER OF EMPLOYEES FROM BELLEVILLE TO MONTREAL

Mr. Lee Grills (Hastings): Mr. Speaker, my reason for stating this grievance tonight is some alarming decisions being made by senior officials of Canadian National Railways. The particular grievance to which I refer is the proposed transfer of many positions from the comptroller's office of the Rideau area now located in Belleville, to the regional office in Montreal, Quebec. We fear in our area that this is only the beginning of a program to centralize and move many more positions to Montreal. Belleville has been for many years a very important part of the CNR operation due to the fact that at one time more than 3,000 employees came from that area. It has been said that Belleville was built around the CNR.

This suggested move is alarming to these employees who have deep roots in the area, because at least 90 per cent of them own their homes there. They are a vital part of the local community and their children attend local schools. Many of these employees have been associated with the railway for a considerable time, and some of them have been associated with the CNR for as long as 28 years. In this particular department the average term of service is 16 years.

Furthermore, they are being asked to move to an area where many of their associates will be French-speaking. May I say, with all due respect to our French-Canadian neighbours, these employees do not speak French, nor will they be able to speak it in their lifetime. They are fearful of what this move will mean to them in the near future, especially if they are asked to speak both languages. They are also fearful of their children's lack of opportunity to be taught in English owing to certain conditions which exist in the area to which they are being asked to move. Furthermore, they would be moving to an area which is much more expensive than Belleville, and in addition they will lose their seniority. In plain words, their job security is at stake. While we all realize that changes must take place and certain economies must be made, it is well known that this operation could be carried out in the present location without any substantial, additional cost.

As a businessman I always recognize the value of public relations to human beings. At this time I question whether the officials who are making the decision are considering the basic principles of human rights with regard to their fellowmen. Many of these long time employees will not move and set up a home in such a large centre. This will result in the loss of many trained, experienced key workers, which will add to CNR costs in training new workers. It will also result in the downgrading of services to the passengers and in the dissatisfaction of the public.

It is my opinion that many officials in the local Belleville office are against the proposed move, but they are being overruled by the officials in Montreal who are far removed and are apparently not too interested in the human problems of affected CNR employees in the area. The proposed move has caused considerable alarm to our city council and to many citizens outside railway employee circles. The attitude on the part of officials at the senior level is considered to be callous.

In all sincerity, as a representative of these people I implore the Minister of Transport to make personal and forceful representations to the senior CNR officials to reconsider this inhuman treatment of loyal railway employees of long standing.

• (10:20 p.m.)

Mr. Gérard Loiselle (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I must say that the hon. member for Hastings (Mr. Grills) has made a good plea for his case tonight. I can imagine his worries about this matter because in my riding I have thousands and thousands of CNR employees, and if some change were made that would mean they would have to leave Montreal and go to Belleville, in the riding of the hon. member, I am sure that I would be complaining.

The hon. member must know that this decision was made by Canadian National Railways, and everyone in this House knows of the autonomy of Crown corporations. There is no easy facility whereby a ministerial office can impose a recommendation on a Crown corporation. After the member put his question to the minister yesterday, December 17, the Minister of Transport (Mr. Jamieson) took the matter up with representatives of the CNR in Montreal and in Ottawa.

I give the hon. member my personal assurance that tomorrow I will bring the arguments he has advanced tonight to the attention of the minister so that he may forward them to the CNR. Everyone knows the desire of the Minister of Transport to do everything

that is possible to assist hon. members, but once again I repeat that Crown corporations have a certain autonomy. We can make suggestions, but it is up to them to decide whether to apply those suggestions. I can give no more assurance tonight to the hon. member, but I repeat that I will bring his arguments to the attention of the minister. Let us hope that in a few days, if possible before Christmas, the people concerned in his riding will get a nice Christmas card with a cheering message.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Friday, December 19, 1969

The House met at 11 a.m.

ROUTINE PROCEEDINGS

ROYAL VISIT

INCLUSION OF PRINCE OF WALES AND PRINCESS ANNE IN PARTY

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I reported to the House several days ago the pleasure of the government that Her Majesty the Queen had graciously accepted an invitation to visit Canada next year, as part of the centennial celebrations of the province of Manitoba and the Northwest Territories.

I am now very pleased to be able to confirm that the Royal Party will include, in addition to Her Majesty and His Royal Highness the Duke of Edinburgh, Their Royal Highnesses the Prince of Wales and Princess Anne.

[*Translation*]

I am sure, Mr. Speaker, that all hon. members will be glad to hear this and that they will extend a warm welcome to our distinguished guests.

NATIONAL DEFENCE

TABLING OF DOCUMENTS RELATING TO RESTRUCTURING OF RESERVE FORCES

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, under Standing Order 41, I am tabling in both official languages various papers on the restructuration of reserve forces.

[*English*]

HOUSE OF COMMONS

ADJOURNMENT FOR CHRISTMAS RECESS UNTIL JANUARY 12

On the order: Motions:

December 17, 1969—The President of the Privy Council: That when the House adjourns at the conclusion of the sitting on Friday, December 19, 1969, it shall stand adjourned until Monday, January 12, 1970, at 2.00 o'clock p.m., provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with Her Majesty's Government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for the purpose of this order.

Mr. Macdonald (Rosedale): Stand.

Mr. Stanfield: Mr. Speaker, are we not to have some statement from the Government House Leader, or somebody on behalf of the government, indicating what arrangements are to be proposed to ensure that the House is in readiness to respond to any situation that may arise with regard to the air traffic difficulties? It would certainly be the wish of members on this side of the House to discharge their responsibilities and to be here either tonight or tomorrow, or as long as we may need to sit, in order to carry out our responsibilities.

Mr. Macdonald (Rosedale): Mr. Speaker, it seems to me that the course of wisdom would be that the difficulties should be clearly identified before the House makes any decision as to its course of action.

• (11:10 a.m.)

CANADIAN SALTFISH CORPORATION

PROVISION FOR ESTABLISHMENT—REGULATION OF INTERPROVINCIAL AND EXPORT TRADE

Hon. Jack Davis (Minister of Fisheries and Forestry) moved for leave to introduce Bill C-175, to establish the Canadian Saltfish Corporation and regulate interprovincial and export trade in saltfish.

Motion agreed to, bill read the first time and ordered to be printed.

COMPANY OF YOUNG CANADIANS ACT

AMENDMENTS RESPECTING STRUCTURE OF ORGANIZATION

Hon. Donald S. Macdonald (for the Secretary of State) moved for leave to introduce

Bill C-176, to amend the Company of Young Canadians Act.

Motion agreed to, bill read the first time and ordered to be printed.

AGRICULTURE

REFERENCE TO STANDING COMMITTEE RESPECTING NON-QUOTA FEED GRAIN PRICES

On the order: Government Notices of Motions:

December 17, 1969—The Minister without Portfolio (Wheat Board): That the Standing Committee on Agriculture be empowered to examine and inquire into the problem of distress or unreasonably low prices for non-quota feed grain being marketed in the designated area as defined by the Canadian Wheat Board Act and to report to the House observation and proposals thereon.

Mr. Speaker: Pursuant to Section 2 of Standing Order 21 this notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the House.

MOTION TO ADJOURN UNDER S.O. 26

HOUSING

EFFECT OF ANNOUNCEMENT RESPECTING URBAN RENEWAL

Mr. John Gilbert (Broadview): Mr. Speaker, I ask leave, seconded by the hon. member for Greenwood (Mr. Brewin), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the government's announcement of yesterday which has torpedoed urban renewal and destroyed any hope of coping with the critical problems facing our cities, making it urgent that Parliament deal immediately with the situation that has now been created before the government completely abrogates its responsibilities to Canada's urban people.

Mr. Speaker: The hon. member has given the required notice to the Chair of his intention to move this motion under the terms of Standing Order 26. I have studied the motion carefully. I suggest to the hon. member and to the House that in the weeks ahead there will be a number of opportunities for the House to debate the policy statement made by the minister yesterday. All things considered, in the circumstances I would think the House should not be adjourned for the purpose proposed by the hon. member.

[Mr. Macdonald (Rosedale).]

ORAL QUESTION PERIOD

AIR TRANSPORT

RATIFICATION OF AGREEMENT BY TRAFFIC CONTROLLERS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the President of the Treasury Board whether he is in a position to inform the House if there is any indication that the agreement between the government of Canada, the Department of Transport and the air traffic controllers is to be ratified?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think the House is aware that an agreement between the negotiating teams on both sides was entered into and is subject to ratification by the membership of the Air Traffic Controllers Association. This ratification is by means of balloting carried out at the various places of employment of the controllers across Canada, and the balloting is now in progress. It is not expected that all the results will reach Ottawa prior to either late tonight or early tomorrow. Until such time as these results come to the headquarters of the association, it will not be possible to ascertain whether the agreement has been ratified.

Mr. Stanfield: A supplementary question, Mr. Speaker. May I ask the President of the Treasury Board whether the government has any plans to put before the House in the event that the vote should prove to be unfavourable? We hope it will not be unfavourable.

Mr. Drury: Mr. Speaker, I do not think one would be justified in assuming that the vote will be unfavourable. There have been some newspaper stories to the effect that there has been adverse balloting. Until we know the results I think it would be unwise as well as unsafe for us to assume that it will be adverse.

Mr. Stanfield: May I ask a further supplementary question, Mr. Speaker. Is the Government House Leader prepared to consult with the other House Leaders, with a view to reaching an understanding as to the mechanics that may be followed to enable the House to sit tomorrow, for example, if that should become necessary?

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I shall be glad to consult them if there are any procedural difficulties.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF MEMBERS OF NATIONAL BALLET

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, may I be permitted to call to the attention of the House the presence in Mr. Speaker's gallery of Miss Celia Franca and members of the National Ballet, including the daughter of the hon. member for London East (Mr. Turner).

Some hon. Members: Hear, hear.

Mr. Baldwin: There is a ballet going on over on the government side.

Mr. Diefenbaker: The House Leader should join the ballet.

COMBINES

ACTION TO PREVENT TAKEOVER OF CANADIAN COMPANIES BY FOREIGN FIRMS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I go from the sublime to the ridiculous and direct a question to the Minister of Finance.

Some hon. Members: Oh, oh!

Mr. Greene: This is the ridiculous now.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I will get to you in a moment.

May I ask the minister a question about information given to the House by his colleague, the Minister of Consumer and Corporate Affairs, to the effect that since 1963 some 606 firms under federal jurisdiction have been taken over by foreign corporations. Has the minister or his department any measures under consideration to stop this continuing process of takeover? Also, is he considering implementing a takeover tax or other measures which would help to preserve Canada's economic independence?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, if the matter were not so serious I would have said that the question is ridiculous. But it is a very serious question. The matter has come under review in my department with the assistance of my colleague, the Minister without Portfolio (Mr. Gray).

Inquiries of the Ministry

Mr. Douglas (Nanaimo-Cowichan-The Islands): A supplementary question, Mr. Speaker. A few months ago, when Royal Securities Corporation Limited was taken over by Merrill Lynch and Associates, the minister informed the House that his department was making a special study of the takeover of our financial institutions. Is he now prepared to report on that investigation? If not, how soon will it be possible for him to do so?

Mr. Benson: Mr. Speaker, I think I mentioned before that the various exchanges in the country, the stock exchanges at Toronto, Montreal and so on, were also carrying out a concurrent study. I have had some consultations with them. The study being carried out by my department and the bank is progressing well and I hope to be able to report to the House soon after the recess.

Hon. Robert L. Stanfield (Leader of the Opposition): A supplementary question, Mr. Speaker. Is the minister now prepared to withdraw from his white paper proposals the five year depreciation tax on shares in widely held corporations? I think the minister himself now agrees that this tax will be a strong force in encouraging the loss of control of Canadian corporations.

Mr. Benson: Mr. Speaker—

Mr. Speaker: Order, please. I doubt whether the question is in order. I am sure the minister and the Leader of the Opposition realize that that is precisely the matter we are to discuss later today. Perhaps on that ground the question ought not to be allowed.

LABOUR CONDITIONS

DISMISSAL OF EMPLOYEES AT U.S. BASES IN NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I direct a question to the Minister of National Defence. I respectfully request a direct answer because the matter is of interest to several thousand people concerned and involved. Is the minister in a position to assure the House on the basis of the discussions he may have had with his United States counterpart that there will be no U.S. military bases closed in Canada in 1970?

Mr. Speaker: Order, please. I am not sure whether this question has already been asked. In any event the minister may wish to reply in view of the importance of the matter.

Inquiries of the Ministry

Hon. Léo Cadieux (Minister of National Defence): Mr. Speaker, I do not think that a Canadian minister of defence would have any influence on the decisions taken in Washington in relation to operations in Canada. We have had discussions and we have occasionally exchanged information on the possibility of restructuring here in Canada, but we have not tried to influence the decision of the United States.

Mr. McGrath: A supplementary question, Mr. Speaker. Is the minister aware of the persistent rumours to the effect that the U.S. naval station at Argentia, Newfoundland, will be closing in June of next year? If so, will he ascertain as soon as possible from the United States authorities whether or not there is any truth in these rumours and make a statement to this effect?

Mr. Cadieux (Labelle): Mr. Speaker, I am aware that there is a planned reduction for the base at Argentia, but I am not aware that it is going to close.

GRAIN

WHEAT—PROVISION OF STORAGE FACILITIES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to direct a question to the Minister without Portfolio responsible for the Wheat Board. In view of the restoration of the sale to the U.S.S.R. and the estimate of prospective sales for the next year which has already been made, which means that a billion bushels of wheat will be on hand in Canada, will the government give consideration to providing storage facilities throughout western Canada through the use of bins, without advertising a particular company, of the type being used in the United States to the end that the congestion in the pipeline for wheat in the elevators and also on the farms will be removed?

Hon. Otto E. Lang (Minister without Portfolio): Mr. Speaker, we certainly consider it a very important objective indeed to avoid having the pipeline congested, which would make the handling of grain in the proper fashion at the proper times difficult. The question of the supply of grain which it is desirable to have on hand and also the question in which place that supply ought to be stored are indeed receiving consideration at the present time.

Mr. Diefenbaker: I thank the minister for his reply and also for conveying the idea that the government is now about to spend several tens of millions of dollars to provide storage for wheat to the end that the farmers will get the wheat off the farms and out of the elevators.

Mr. Speaker: The hon. member for Saskatoon-Biggar.

Mr. Diefenbaker: I did not hear any answer. Silence is golden.

Mr. A. P. Gleave (Saskatoon-Biggar): A supplementary question, Mr. Speaker. In light of the answer the Minister without Portfolio gave a moment ago, do his department and the Wheat Board have under consideration a program to pay storage on farms and to help farmers store grain on the farms instead of clogging the elevators?

Mr. Lang: Mr. Speaker, a great number of ideas are under consideration in connection with this question.

WHEAT—APPROVAL OF BARTER DEAL WITH JAPAN

Mr. S. J. Korchinski (Mackenzie): I have a related question for the Minister without Portfolio. Now that the Wheat Board has given approval to the Saskatchewan wheat barter deal with Japan, does the federal government approve of this action or does it intend to discourage such deals in the future?

Hon. Otto E. Lang (Minister without Portfolio): I should like to make it clear that the Wheat Board did not approve of this transaction but simply supplied grain on order when a purchaser was available for that grain. The position of the government remains the same with regard to these transactions. There are real trade difficulties connected with individual barter transactions which do not assure any additional sales of grain and which indeed have the problem attached to them that they may endanger price stability in the world.

Mr. Korchinski: In view of the interest expressed by three Russian delegates attached to a visiting trade mission in investigating the possibility of exchanging Russian electrical machinery for wheat, may I ask whether the government intends to investigate the prospect of operating an exchange system on a nationwide scale instead of confining it within one province?

Mr. Lang: I believe the facts of recent weeks speak for themselves: our trading rela-

tionship with the U.S.S.R. with regard to the sale of wheat is now in a very strong position indeed.

WHEAT—PAYMENT FOR STORAGE ON FARMS

Mr. G. W. Baldwin (Peace River): I should like to ask the minister whether, in order to assist the government in the consideration of the many possibilities before it, he would give consideration to amending the notice of motion which appears in his name on the Order Paper so that the committee might have the opportunity to recommend to the government its views in connection with paying storage on farm stored grain.

Hon. Otto E. Lang (Minister without Portfolio): Hon. members will recognize, I believe, that this is a distinct question unrelated to the motion on the order paper. But I shall certainly consider whether it would be useful to have that subject referred to the committee.

WHEAT—EXTENSION OF ONE-BUSHEL QUOTA TO ALL SHIPPING POINTS

Mr. Les Benjamin (Regina-Lake Centre): In view of the fact that the present crop year is now five months old and that only 176 shipping points in the whole area under the jurisdiction of the Wheat Board have received a one-bushel quota, can the minister advise the House whether the board has any projected date by which the remaining shipping points will be on a one-bushel quota?

Hon. Otto E. Lang (Minister without Portfolio): The board has no specific target date for arriving at a one-bushel quota or, indeed, at any specific quota across the whole region in a uniform way. Uniformity is, of course, a desirable objective along with other objectives. There is a program in effect to move grain as quickly as is reasonable in the course of the winter months out of the region to the east and, as fast as is required, to the west. This should bring about a fairly rapid advance in quotas during that period.

Mr. Korchinski: I believe the minister referred to the so-called block system which is apparently not producing the desired results, as was just indicated a few moments ago, in that only 176 points are on a one-bushel quota at this time. Will the minister at some future date after the Christmas recess make a statement on motions so as to make it clear what is really happening in connection with this whole system?

Inquiries of the Ministry

Mr. Lang: I shall certainly be very glad at least to meet with the hon. member and explain to him how well, in fact, the block system is working. It was never expected that the block system would move more wheat out of the country than any other system. The whole point of the block system is to make the most efficient use of available equipment in moving wheat within the country.

PENSIONS

RETIRED CIVIL SERVANTS—INQUIRY AS TO INCREASE

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the President of the Treasury Board, Mr. Speaker? In view of the action of the government of Ontario in granting substantial increases in the pensions of its retired civil servants, and in view of the concern for federal superannuates felt by members of all parties in this House, will the government now consider taking action to increase the pensions of federal superannuates?

Hon. C. M. Drury (President of the Treasury Board): As the hon. member is, I think, aware, intensive discussions and consultations are now taking place on this very subject.

AGRICULTURE

PLANS TO CHECK DECREASE IN FARM INCOME

Mr. H. W. Danforth (Kent-Essex): I should like to direct a question to the Minister of Agriculture, Mr. Speaker. It deals with published reports showing a continuing and alarming drop in farm income, which in fact amounted to 3 per cent last year. Can the minister say whether the government has any new plans to check this serious trend?

Mr. Speaker: Order. I suggest to the hon. member and to the minister that the information now being sought is of the type which would normally be given to the House by way of a statement on motions.

Mr. Danforth: May I rephrase my question and simply ask the minister whether the government is aware of this trend?

Mr. Speaker: Order.

[*Translation*]

SOCIAL SECURITY

REFUND OF TAX COLLECTED IN QUEBEC

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, I would like to put a question

to the Minister of Finance. Could he tell us whether the Minister of Finance has seriously considered the request made last week by the Finance Minister of Quebec who claimed from the federal government the $200 million collected in the province of Quebec through the so-called social development tax?

[*English*]

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, without agreeing to the figure may I say that the matter has been discussed several times and that the position of the government of Canada has been made clear.

Mr. Ricard: A supplementary question, Mr. Speaker. Are we to understand that the government is refusing to consider this question, as requested by the provincial government?

EXTERNAL AFFAIRS

NATO—POSITION RESPECTING NON-MILITARY CLAUSES OF TREATY

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. Following the appearance in a Toronto newspaper yesterday of a letter by Mr. Escott Reid which contained the assertion that the non-military clauses in the NATO treaty, including a commitment to democracy, individual liberty and the rule of law, are as important as the military clauses and have been so regarded by Canadian governments in the past, would the Prime Minister make clear to the House whether the Canadian government today regards the treaty in the same way?

Mr. Speaker: Order. The question, in my view, is not the type of question which can be asked at this time. The hon. member is inviting the Prime Minister to make a very general statement of policy, and I would not think that could be done at this time.

Mr. Broadbent: Then may I rephrase my question. Would the Prime Minister consider making a statement on motions on this question early in the new year?

[*Translation*]

AGRICULTURE

ELIMINATION OF GRANTS TO TOBACCO GROWERS

Mr. Roch La Salle (Joliette): Mr. Speaker, I want to put a question to the Minister of Agriculture.

[Mr. Ricard.]

In view of the report of the Committee on Health, Welfare and Social Affairs regarding tobacco and in view also of the concern of tobacco growers, Mr. Speaker, I should like to ask the Minister of Agriculture whether he intends to cancel all the subsidies now granted to improve tobacco soils and to enlarge tobacco farms.

[*English*]

Hon. H. A. Olson (Minister of Agriculture): No, Mr. Speaker; the research program that we are carrying on with the tobacco industry will be carried on at about the same level.

[*Translation*]

Mr. La Salle: Mr. Speaker, I should like to ask a supplementary question.

Would the Minister of Agriculture tell us if he approves without reservations the report made by the Minister of National Health and Welfare?

Mr. Speaker: The hon. member may ask the question, but I cannot allow the minister to answer it.

[*English*]

BILINGUALISM AND BICULTURALISM

POLICY RESPECTING FRENCH LANGUAGE UNITS WITHIN PUBLIC SERVICE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Prime Minister. Was the Secretary of State expressing government policy in the House yesterday when he said that French language units within the Public Service are a normal continuation of government policy on bilingualism within the Public Service?

Mr. Speaker: Order. The question might perhaps be asked in different terms, but I doubt whether according to the rules the minister can be asked if he is stating government policy when he makes a statement in the House. In asking this question I think the hon. member is alluding to the fact that such questions are allowed when statements are made outside the House. The hon. member may wish to rephrase his question.

Mr. Nowlan: Thank you, Mr. Speaker. Is it government policy, as stated by the Secretary of State in the House yesterday that French language units within the Public Service are a normal continuation of government policy on bilingualism in the Public Service?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government's policy on bilingualism has been stated at various times, and it would take a statement on motions to make a long review of what we are doing in this regard.

Mr. Nowlan: A supplementary question. I appreciate that it might take a statement on motions, but would the Prime Minister be prepared to make a statement on motions as soon as the House reconvenes, in view of the third report of the B and B commission and the statement made by the Secretary of State?

Mr. Trudeau: Mr. Speaker, as I said two days ago, the policy may have to be reviewed in the light of this report. However, it will take the government some time to read and consider this lengthy report and I should not like to make a statement until this study has been made.

EXTERNAL AFFAIRS

BIAFRA—REQUEST BY CANAIRELIEF FOR ASSISTANCE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, may I address my question to the Prime Minister. For how long does the government propose to wait for agreement by Nigerian and Biafran authorities to the Canadian proposal for air drops of relief supplies before giving a definite answer to Canairelief's request for support of its operations to relieve threatened starvation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe I indicated that we had told Dr. Johnson a period of three weeks would be the deadline at which we were aiming. The three weeks have not yet expired.

THE CANADIAN ECONOMY

INFLATION—OECD PREDICTION—INQUIRY AS TO OTHER MEASURES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether the prediction of the OECD that there will be 4 per cent inflation in Canada in 1970 was based on information given to OECD by the Minister of Finance?

Hon. E. J. Benson (Minister of Finance): No, Mr. Speaker.

Mr. Stanfield: A supplementary question, Mr. Speaker. In view of this prediction by OECD, has the Minister of Finance or the government any new initiatives in mind which they could take to reduce the rate of inflation in Canada to an acceptable level?

Mr. Benson: Mr. Speaker, we are continually reviewing this subject.

Mr. Speaker: Order, please.

ADMINISTRATION OF JUSTICE

DISCUSSIONS RESPECTING INCREASE IN VIOLENT CRIMES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Solicitor General. I wonder whether the Solicitor General and his colleague the Minister of Justice are considering having discussions with their provincial counterparts to deal with the astounding increase in violent crimes in Canada, as exemplified by the statement of the director of police in Montreal yesterday?

Hon. G. J. McIlraith (Solicitor General): Mr. Speaker, discussions are going on at the working level from time to time in regard to this problem. However, I noted the statement that was made yesterday and I will be discussing it with my colleague.

Mr. Lambert (Edmonton West): A supplementary question. Would the hon. gentleman please take into account the proliferation of hand guns and small automatic weapons which seem to be at the root of much of this problem?

Mr. McIlraith: We are very much concerned with that aspect of the problem, Mr. Speaker.

HOUSING

URBAN RENEWAL—REQUEST FOR REFERENCE TO COMMITTEE—PUBLIC HOUSING POLICY

Mr. John Gilbert (Broadview): Mr. Speaker, my question is for the hard-working Minister without Portfolio in charge of housing. Would the minister refer the important and urgent question of urban renewal to the appropriate standing committee for study so that he and others may appear to air their views?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, as you yourself have indicated, there will be many opportunities for all hon. members to put forward their views as to what should be done to deal with

this very important problem. I will entertain those views from any source and on any occasion.

Mr. Gilbert: A supplementary question. When does the minister expect to be in a position to make a statement in regard to guidelines for public housing?

Mr. Andras: Mr. Speaker, as I indicated earlier this month, there has been delay in this matter by virtue of the fact that we have not heard from all of the provinces regarding the recommendations they wish to make. When we have we shall digest those recommendations and produce a composite proposal. Then I believe we shall have to go back to the provinces with that composite proposal in order to get some kind of consensus, and at that time I will be glad to make a statement.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a supplementary question for the minister. Would the minister be prepared to disclose to the House today the 12 urban renewal projects, approval of which is being considered and which were not disclosed in the minister's statement yesterday?

Mr. Andras: Mr. Speaker, if hon. members insist then I would, of course, feel that they were entitled to that information. However, may I prevail upon them to be patient in view of the fact that we are discussing the matter with the provincial ministers concerned. They have indicated that they would prefer to have a few days in order to look the situation over and then they will communicate with me. As I say, if hon. members insist I will make such disclosure, but I think it will be in the interests of all to wait a few more days.

Mr. Alexander: A further supplementary question. I accept the minister's explanation in part, but may I ask him when he will be in a position to advise the House how much money is involved in these 12 projects that are being considered? In addition, would the minister advise whether those cities which received grants the last time will be assured that they will receive grants this time?

Mr. Andras: Mr. Speaker, the total amount of money involved in these schemes is approximately $48 million. The cities or communities that received limited participation approval in August are not included in the 12 schemes, or the $48 million to which I am referring insofar as additional funds for them are concerned.

[Mr. Andras.]

ASSISTANCE RESPECTING FACTORY-BUILT HOMES

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I have a related question. I appreciate that the minister is concerned about those people in Canada at the lower end of the income scale who find it difficult to get housing. Has the minister any information to give us regarding government financial assistance to factory-built homes, which he indicated earlier he was considering?

Hon. Robert K. Andras (Minister without Portfolio): Mr. Speaker, we are assisting with that in the form of research. I had occasion about a month ago to see a very interesting prototype in Kenora, Ontario. I told the entrepreneur at the time that with one or two minor modifications we would be glad to endorse it. Suggestions of this sort are coming to us from time to time and we are receiving them enthusiastically. We are trying to act whenever they are valid.

Mr. Rose: Mr. Speaker, since the task force report also mentioned this, will the minister indicate whether his department is considering direct loans for the purchase of such factory-built homes?

Mr. Andras: We are not considering such direct loans, if the hon. member is talking about speculative loans under Section 40. We decided some time ago this year that we would not go ahead with this because we wanted to make direct loans under Sections 16 and 35 for low income housing units which would get on the ground as quickly as possible. We are glad to assist financially in the development of these factory-built and systems building programs in the form of research.

BUILDING SOCIETIES—REQUEST FOR FAVOURABLE TAX TREATMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a related question to the Minister of Finance. Is he in a position to advise the House whether the government looks favourably on the suggestion of assistance to building societies in view of the fact that we are suffering from a dearth of mortgage money?

Mr. Speaker: Order, please. I do not think the question is in order.

[*Translation*]

THE CANADIAN ECONOMY

INFLATION—CHANGES IN POLICY

Mr. Henry Latulippe (Compton): Mr. Speaker, I would like to direct a question to the Minister of Finance.

Would he tell us if he intends to change the policy designed to fight inflation without further increasing recession in Canada?

Mr. Speaker: The hon. member for Compton will admit, I think, that he is now asking the Minister of Finance to make a statement which would be more appropriate on motions.

[*English*]

EXTERNAL AFFAIRS

PROPOSED RECOGNITION OF COMMUNIST CHINA

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the absence of the Secretary of State for External Affairs I should like to ask the Prime Minister whether there is any foundation for the radio report to the effect that negotiations in respect of the recognition of Communist China have arrived at the point where it may be expected that within ten days recognition will be announced by the government, during a time when the House will not be in session?

Mr. Speaker: Order, please. Before the right hon. Prime Minister replies to the question I might say that the right hon. gentleman realizes hon. members cannot ask the government to confirm or deny statements. We will assume that the question has been asked directly of the Prime Minister.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not heard this rumour. This is news to me. Perhaps the hon. gentleman has some information from Russia that I do not have.

Mr. Diefenbaker: I have not been in touch with Dr. Lin so I have not the latest information. The Prime Minister must have that information. In regard to the question of recognition, is the Prime Minister refusing to answer the question whether or not the present long extended negotiations are about to achieve results?

Mr. Trudeau: Mr. Speaker, I repeat that I have had no information to this effect by way of rumour or otherwise. The department will be answering questions on Monday. Perhaps the hon. gentleman might ask the minister then.

Mr. Diefenbaker: Questions will be answered on Monday? Does that mean we are going to sit in order to deal with the railway problem?

Some hon. Members: Oh, oh!

An hon. Member: Are you going to railroad the air strike?

[*Later:*]

Mr. Diefenbaker: Mr. Speaker, as a result of a lapsus linguae—I think that is the proper term—I said "railway problem" when I meant air transport problem.

INDIAN AFFAIRS

REQUEST FOR PRODUCTION OF STANBURY-FIELDS REPORT

Mr. Frank Howard (Skeena): Mr. Speaker, having in mind the generosity I know the Minister of Indian Affairs and Northern Development wants to display at this time of the year, I am sure he is just waiting to answer the question I posed the other day regarding the Stanbury-Fields report. Is he now in a position to make that report available?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have said that we could not publish the report. However, some months ago, in reply to a question asked by another hon. member, we supplied a good amount of information that I shall be pleased to pass on to the hon. member for Skeena.

[*English*]

EFFECT OF CONSULTATIONS RESPECTING MINIMUM WAGES

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I should like to ask the Minister of Indian Affairs and Northern Development whether his department is actively engaged in consultations with the Minister of National Health and Welfare regarding minimum wages for Indians, and whether this will change any plans the department now has for programming projects to encourage Indian initiative in certain areas?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we are keeping in touch with the other departments in order to formulate a policy that would allow the Indian people to

hold a more adequate position in our society. I believe that we should try to establish new programs so that the Indian people can find employment instead of receiving welfare allowances.

[*English*]

SCIENCE SERVICES

RATIONALIZATION OF MEDICAL RESEARCH COUNCIL FOLLOWING OECD REPORT

Mr. Louis-Roland Comeau (South Western Nova): Mr. Speaker, in view of the question I asked yesterday I should like to address this question to the President of the Treasury Board. Will the minister make an announcement in the House early in the new year on whether it is government policy to rationalize our medical research council as recommended by the United Nations Organization for Economic Co-operation and Development?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, as has been pointed out, the OECD committee has made some recommendations, as have other bodies. These are now being studied with a view to co-ordination. I hope it will be possible to make an announcement some time in the new year.

OIL

REQUEST FOR STATEMENT ON INVESTMENT IN PANARCTIC OILS LIMITED

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, will the Minister of Energy, Mines and Resources assure the House that he will make a statement on motions regarding further government investment in Panarctic Oil and, if so, when?

Hon. J. J. Greene (Minister of Energy, Mines and Resources): Mr. Speaker, Panarctic Oil comes within the jurisdiction of my colleague, the Minister of Indian Affairs and Northern Development.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we are presently considering the matter and, if any announcement is to be made, it will be made at the proper time.

AGRICULTURE

INQUIRY RESPECTING BUTTER STOCK

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the Minister of Agriculture.

[Mr. Chrétien.]

Could he tell us whether there was more or less butter in storage at the end of November 1969 than at the end of the same month in 1968?

Mr. Speaker: The hon. member is asking for statistical information and, in my view, the minister cannot answer such a question now.

[*English*]

INQUIRY OF THE MINISTRY

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, over the Christmas recess will the Minister of Finance, and I appreciate he probably needs a holiday more than any of us, ascertain whether anybody who is living on $30 a week can operate five television sets as he says he is?

Mr. Speaker: Order, please.

Hon. E. J. Benson (Minister of Finance): I was misquoted, Mr. Speaker.

TRADE

POTASH—REPRESENTATIONS RESPECTING DUMPING IN UNITED STATES

Mr. John Burton (Regina East): Mr. Speaker, in view of the United States Treasury Board's determination that there has been dumping of potash in the United States, will the Minister of Industry, Trade and Commerce indicate what representations were made by Canada on this matter and whether any agreement or conclusion was reached following consultation with the United States government?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Many representations were made by my department to the government of the United States in this regard. I was just explaining to my neighbour some of the concessions obtained in the last days from the United States. There has been an improvement in the way the dumping is being assessed and an improvement also with regard to the period of time the anti-dumping measures will be applicable. Canadian shipments will now be examined by the U.S. customs to determine whether anti-dumping duties are applicable since June 18, 1968, which is a shorter period of time than at first anticipated. Dumping duties will be assessed against future imports of potash from Canada only if they are sold at less than Canadian prices. So I think that this should give some satisfaction to the Canadian industry.

Mr. Burton: I have a supplementary question, Mr. Speaker. I am sure all members will be happy to hear that at least some results have been obtained—

Mr. Speaker: Order, please.

HIGHWAYS

ATLANTIC PROVINCES—COST-SHARING FORMULA

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, yesterday the question period expired before I had a chance to ask an important question of the Minister of Regional Economic Expansion. Therefore may I direct it to the Prime Minister and ask the right hon. gentleman if he will ask his colleague to indicate by a statement on motions as early in the new year as possible, or perhaps even next week because we are all "a-Freud" of what the Prime Minister said earlier, the position of the government with regard to cost-sharing on highways formerly carried out by the Atlantic Development Board?

Mr. McGrath: Mr. Speaker, I rise on a point of order. Yesterday I also had an important question which I wished to direct to the Minister of Regional Economic Expansion. I rose in my place 22 times, which must be something of a record.

Some hon. Members: Oh, oh!

Mr. McGrath: My persistence was prompted by the knowledge that according to the roster system the minister would not be in the House today and that, to all intents and purposes, the House would be adjourning today for the Christmas recess.

Mr. Baldwin: It is not so certain now.

Mr. McGrath: I realize the difficulties Your Honour has in this regard and I sympathize with Your Honour, but my point of order, which I leave for your Honour's consideration over the Christmas recess, is that either the roster system, which many of us believe to be illegal, has to go or the question period has to be extended; otherwise we will be destroying this institution.

Some hon. Members: Hear, hear!

Mr. Macdonald (Rosedale): Perhaps hon. members might give consideration to planning their approach to Parliament in general and to the question period in particular in a more organized way. As to the number of points on which the hon. member rose, he might like to join the National Ballet Company.

Mr. McCutcheon: May I rise on a point of order, Mr. Speaker?

Mr. Speaker: Order, please. I will recognize the hon. member on a point of order in a moment, but may I point out first that we have just about run out of time.

Mr. McCutcheon: My point of order concerns the remarks of the Government House leader concerning good planning. He must be thrilled to have organized yesterday meetings of two standing committees of the House, the Committee on Agriculture and the Committee on Public Accounts, even though the House first met last October.

Mr. McGrath: Mr. Speaker, I rise on a question of personal privilege. It is precisely the type of frivolous attitude manifested by the Government House leader today that is destroying this institution.

Mr. Speaker: Order, please.

Mr. Trudeau: That is your swan song.

Mr. Speaker: I have been asked to give an opportunity to the hon. member for Victoria-Haliburton to rise.

Mr. Rose: Mr. Speaker, I have a question of privilege.

Mr. Speaker: Order, please. Is the hon. member rising on a new question of privilege?

Mr. Rose: No, Mr. Speaker. Following the remarks of the hon. member for St. John's East I should like to inform the House that he does not hold the record for jumping up and down in the question period. I believe I do. As a matter of fact, I hold the record to such an extent that I have given up my membership at Vic Tanny's.

Mr. Speaker: Order, please. Hon. members will appreciate that the Chair is also a contender for that record.

Some hon. Members: Hear, hear.

NATIONAL DEFENCE

DISPOSITION OF SURPLUS ARMOURIES

Mr. W. C. Scott (Victoria-Haliburton): My question is for the Minister of National Defence. In view of his department's recent

decision, will the minister say whether the department is planning to dispose of those armouries which have been classified as surplus to requirements?

Hon. Léo Cadieux (Minister of National Defence): Generally speaking this is the case, but I should point out that some of the armouries to which we are referring are rented. So in this particular case we can stop renting them.

Mr. Scott: I have a supplementary question, Mr. Speaker. Will the minister consider giving the communities in which the armouries owned by the Department of National Defence are situated the first opportunity to procure these buildings?

Mr. Cadieux (Labelle): These buildings would be transferred to the Crown Assets Corporation for disposal, and I think the regulations give the right of first refusal to the municipalities after the federal and provincial governments have first exercised that right.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that a communication has been recieved which is as follows:

Government House
Ottawa

December 19, 1969

Sir,

I have the honour to inform you that the Right Hon. J. R. Cartwright, P.C., M.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate Chamber today, the 19th day of December, at 12.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
Louis-Frémont Trudeau,
Brigadier General,
Assistant Secretary to the Governor General.

Orders of the day.

Mr. Baldwin: I rise on a point of order, Mr. Speaker. I believe the Minister of Finance is anxious to revert to motions in order to make a statement denying the tacit admission by the Minister without Portfolio, which appears at page 2143 of *Hansard*, that the Minister of Finance will have a budget surplus of $850 million.

Mr. Benson: Mr. Speaker, I rise on the point of order. The Minister without Portfolio did not say that.

Mr. Speaker: Order, please.

[Mr. Scott.]

FISHERIES

SALTFISH MARKETING CORPORATION—ADDITIONAL ASSISTANCE TO FISHERMEN

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Minister of Fisheries relating to the introduction today of the legislation to establish the Canadian Saltfish Corporation.

Mr. Speaker: Perhaps the hon. member may be allowed to ask that question.

Mr. Lundrigan: Thank you, Mr. Speaker. I should like the minister's answer to be on the record. In view of the fact that the minister did not produce until today the legislation on the saltfish marketing corporation and in view of the fact that the people who engage in this type of fishing had a complete failure this year and will not be able to take advantage of this legislation in 1970, can the minister say whether any form of assistance is planned to ensure that these people can continue to fish in 1970?

Hon. Jack Davis (Minister of Fisheries): I am not as pessimistic as the hon. member. I am convinced that those people who have traditionally been occupied in the saltfish industry in the years past will be able to take advantage of this new corporation and indeed, they are the ones who will benefit most from it in future years.

Mr. Lundrigan: Do I understand from the minister's answer that no form of special assistance is being planned other than the normal benefits which may accrue from this corporation?

Mr. Davis: We are looking at interim measures in a few cases.

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed, from Thursday, December 18, consideration of the motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, hon. members have alluded to what

is alleged to be public reaction to this paper. I have no hesitation in saying that the overwhelming reaction from the people I have the honour to represent in this House has been most favourable. The broad basis of extending exemptions so that a number of people at the lower end of the income scale would find their taxes either eliminated or reduced is highly commendable. In particular, the proposals for expense deduction for working mothers have been warmly received by many families where the mother has been unduly penalized through not being given tax exemption for the most legitimate type of expense, that of looking after young children.

• (12 noon)

We all know that there is no magic way by which tax money can be produced. When tax relief is granted to a large number of lower income groups, then there certainly will be increased tax loads carried by others. Tax increases are never pleasant and invariably cause some disturbances and dissatisfaction. As the white paper points out, it is important that people who have heavy tax loads should be able to anticipate the impact of these burdens and make their plans accordingly. Uncertainty about future tax measures is particularly disturbing and in many cases inequitable.

I have two suggestions that I hope the special committee will consider. The first relates to a method of establishing evaluation procedures for "V-Day" for purposes of subsequent assessment of capital gains. Briefly, I propose that any taxpayer should be able to file with the Department of National Revenue an evaluation of his or her holdings on V-Day. This should include, of course, valuation on a house or any other important asset. Should the valuation not be challenged by the Department of National Revenue within a fixed period of time, say, for example, one year, then such valuation should be accepted without further question.

The advantages of such a procedure should be quite obvious. It would then be impossible for the Department of National Revenue to go back after a number of years and question valuations that it had failed to screen out in the first instance. Unless some such device is employed V-Day will be a mad period of extensive employment for professional evaluators. Furthermore, the fear that the valuations could be challenged would introduce a complication that in my view would be unnecessary, unless there is some sort of administrative device to bring certainty into the situation.

As the Minister of Finance (Mr. Benson) himself has remarked, there are built in safeguards to prevent wilful errors by the average person. If his possessions have been valued too highly, then the succession duties will be higher than otherwise. If, on the other hand, his possessions are undervalued then capital gains realized on disposal will be greater accordingly. In general, I believe that most taxpayers would adopt a reasonable approach to evaluating their own assets, and should not be forced to engage unnecessary outside experts to do this work for them.

The second suggestion that I would like to make for the government's attention concerns the administration of the capital gains tax. If the tax is truly to apply on capital gains and not on capital, then some adjustment for inflationary changes must be allowed. My proposal is simply this. Each year at the end of the year the government should declare an official index of inflation for purposes of capital gains tax administration. This figure would be based on consumer price index changes and would be rounded off to the nearest percentage or half per cent. For example, if it had been necessary to adopt such a proposal in 1969, the government might have declared a 4 or 5 per cent inflation index based on this year's experience.

There is already a precedent for this, in fact, in the proposal to allow an exemption of $1,000 per year while a house is occupied by its owner. This presumably is based on some kind of average formula. For the year 1969, a 4 per cent inflation index on a house valued at $25,000 would produce the same estimate of $1,000 as that proposed in the white paper for averaging purposes.

It does seem unfair that a house alone, of a taxpayer's possessions, should be given an annual exemption which bears some relation to an inflation allowance but such exemption is not applied to any other asset. In order to avoid discrimination, I do not see why a widow, for example, who has savings which consist of common stocks and a life-time pension or a variable annuity should be denied an inflation adjustment, and another widow whose assets consist of a house would be given what is in fact an inflation allowance of $1,000 per year. The restriction of such an allowance to an owner-occupied house, in my view, would introduce a distortion which would have the effect of practically obliging a

widow to transform her savings into the form of a house under circumstances in which another form of asset might be more advisable.

I know, Mr. Speaker, that the committee will listen to many suggestions dealing with the tremendous range of subjects contained in the white paper. I hope members of the committee will look more closely at the provisions in the United States law which permit a husband and wife to pool their incomes and average them. No doubt the business community will have a series of suggestions involving the application of capital gains at five-year intervals, a proposal which it seems to me will be difficult to administer.

However, these are minor and isolated instances in relation to the over-all proposals in the white paper. Certainly, the initial acceptance of the overwhelming majority of these by the taxpayers whom I have the honour to represent, and with whom I have discussed them, has been overwhelmingly favourable. It represents a good omen for the work of the committee, and I look forward to the early referral by the House of the white paper to a special committee.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I would like to make a few comments on the white paper on taxation, not covering the waterfront because it is a rather awe inspiring waterfront, but on points with which I warmly agree as well as points with which I warmly disagree. First, there are two points which particularly strike my fancy. One is the increase in exemptions, and I hope that when the committee is studying this particular matter some formula will be drawn up so that taxpayers in Canada will always have one exemption, namely, the accepted poverty line, the amount of dollars that is regarded by those who make a special study of these things as the poverty line below which people, if they have less than that income, find themselves in great difficulties.

The second point with which I warmly agree, but on which I think some refinement must be made in the minister's proposal, involves the deductions for working class mothers, and the money they have to spend for the care of children while they themselves are out working. A ceiling has been suggested in the white paper. For most people that ceiling may be quite adequate, but I suggest that in the cities of Canada, where costs are higher, it may not be a realistic figure. I hope the committee will turn its attention to this point.

I now wish to deal with matters in the white paper with which I disagree. It seems to me the government is adopting an attitude that every time a dollar moves about and comes into public view, a board of tax collectors is entitled to rush forth and take their bite of that dollar bill. As I shall illustrate later, the difficulty that the government is going to get itself into will relate to the frustrations of large numbers of Canadians who will have to take up bookkeeping as a side vocation. There will also be the administrative difficulties that have been proven elsewhere where certain types of capital gains were imposed, and which I suggest are on their way into Canada unless the white paper proposals are very drastically reformed.

• (12:10 p.m.)

To me a capital gains tax on one's own house is iniquitous and the formula that is suggested by the government does not take into consideration the restrictions placed on the ability of Canadians to move about, not so much from one part of Canada to another because this is recognized in the formula, but to move about in their own area. I suggest, Sir, that many young married people have large homes so that they can bring up their families in good space, and that when the children have grown up and moved out, they might very well want to sell the large house in their own city, but not move to another city. Why should they when their stake is in that neighbourhood? They want to move into a smaller house or apartment. This is more likely to be the rule when people reach retirement age than is the likelihood that they will pull up stakes and move to some other part of Canada. As we all know, when one reaches the age of 40 or 45 one loses mobility on the labour market. When the committee studies the proposals, I hope it will take a long look at the suggestion that the rollover principle will only apply where a person moves from one area of Canada to another. For that matter, a home owner may wish to sell his house and move to a warmer part of the world. The older one gets, the less one likes to respond to the challenges of the great Canadian winter.

Then, there is the nuisance of the bookkeeping involved in trying to determine how much one should be entitled to accept. Every plumbing bill, every carpentry bill, every painting bill, every bill for repair and replacement ever received has to be stored

over a lifetime on the chance that one might want to sell the house some day and just might get stuck with the capital gains tax.

Another feature of the proposed formula set forth on pages 38 and 39 of the white paper is that it will tend to freeze home ownership in cities where there is an opportunity for greater mobility. I have a house where five children have their own bedrooms but the day will come when the children have departed and my wife and I will have to consider selling and moving into smaller quarters.

I think the proposal will be to the disadvantage of young families in cities such as Halifax, Montreal, Toronto and Vancouver where there is a tremendous need for housing and costs tend to rise sharply. Another effect will be inflationary and increase the cost of homes because the vendor will most likely calculate the capital gains tax and automatically add it to his selling price. This has been done with other taxes. Finally, it is the buyer who bears the brunt.

These are points that the committee must consider, and I hope it can come up with a much better formula than the one suggested in this white paper. As far as the ordinary buying and selling of homes is concerned, I have no objection in principle to that being studied as a source of new revenue for the government of Canada. Finally, consideration and care should be given to the administrative problems that will arise as a result of this white paper on taxation. I quote from a study by Professor A. R. Ilersic, commissioned by the Vancouver Board of Trade and dealing with several aspects of the British experience with the capital gains tax. At page 13 of the report the Professor makes this point:

> The administrative burden of the capital gains tax on the taxpayer and his advisers is no less than it is on the revenue staff. The search for records to determine valuations, the paper works and effort involved in merely agreeing a gain or loss which may in fact not be chargeable, is quite disproportionate both to the return in terms of the yield of this tax and the fees obtained by the practitioner.

On the previous page of the brief he stated:

> One of the most frequent criticisms of the capital gains tax has been that the yield from this impost is very small; indeed in the opening years it was derisory. On this point a comment by Mr. George Cyriax in *The Financial Times*, the leading financial newspaper in Britain, merits quotation. "On a very modest estimate the cost of mastering the new tax system (i.e. the 1965 Act) by government departments in its preparation and amendment, by accountants and companies in business time, and by private individuals in completing the new and complex returns at home—must already have gone well above £100 m." Shortly after this note appeared in *The Financial Times*, the financial secretary to the treasury announced that in the 18 months to October 8, 1966 the yield from the new capital gains tax was £1.7 m. It is asserted that the cost of enforcing the tax probably exceeds the yield therefrom but when this argument has been put to treasury ministers the usual answer is given and it is thus impossible to verify the truth of this criticism.

Then, he pointed out that the yield from the capital gains tax for the year 1967-68 rose to £15.5 million although it was expected it would reach £30 million. In 1968-69, it reached £47 million. There was a stock exchange boom in the United Kingdom in 1968, so the yield might go above £136 million for the current financial year. I suppose in view of the difficulties in the stock market recently, in the coming year an attempt will be made to recapture some of those dollars paid out in taxation. I do not have time to read all the Professor's comments but obviously where you are dealing with valuations involving homes, considering plumbing bills and the like and trying to determine whether or not there was a capital gain, you are going to have the largest bureaucracy to achieve the smallest possible return to the revenue of Canada.

So, sir, I think the capital gains tax on homes of Canadians should be rejected by this Parliament as iniquitous and as an anathema. Even if every consideration is given to making it as painless as possible it is going to demand such an amount of red tape and bookkeeping, such arguments between the home owner and the Department of National Revenue that it will be regarded as a nuisance tax, impossible to administer and one that cannot be applied to all vendors in any event. The return would be so small and the result so michievous that it should be rejected out of hand, and that is what I suggest to the committee.

• (12:20 p.m.)

Mr. Murray McBride (Lanark and Renfrew): Mr. Speaker, I shall not take too much of the time of the House. Having heard the hon. member for Ottawa West (Mr. Francis), it seems that it might be very useful if some of us who are in favour of the white paper on tax reform were to put our remarks on the record. I must confess that this issue, more than any other since I have been a member of this House, has been instrumental in bringing large numbers of letters to me. Most have been very much in favour of the white paper. I note sadly that many of these communica-

tions conclude by expressing alarm that because of vested interests some Canadians may create sizeable obstacles to the implementation of the proposals of the white paper. I, therefore, wish to say clearly that I am in favour of most of the proposals contained in the white paper.

Recently I received a letter which was rather vehement on the subject. It was not written by one of my constituents. It concluded by saying that its author was completely opposed to the white paper. It seems to me that since the white paper is structured on the thesis that the tax burden should be distributed on the basis of ability to pay, if you are completely opposed to the white paper you obviously think that the tax burden ought to be distributed on the basis of inability to pay—which is utter nonsense. I, therefore, took time to write to this person, even though he was not a constituent of mine, and explain some of my views.

Of course, merely because something is essentially good in its broad sweep does not mean that it will be good in every detail. So far as I am concerned, there are at least two issues which ought to be carefully reconsidered. We are told that the tax reforms will affect small businesses. Some people say, and they assume they are correct, that if the proposals are accepted they will penalize small businesses. That is not true. From my reading of the white paper it seems that some special privileges small businesses have enjoyed hitherto will be removed. To that extent, small businesses will lose the privileged position in our society that they have held. This only means that small businessmen will be treated as all other citizens of Canada are treated. That concept on the surface is laudable, and we ought to support it. Of course, there is a counter-argument to the effect that our small businessmen should not be considered in the same light as ordinary citizens because small businessmen tend to create employment. They take capital risks personally, and by taking those capital risks create employment for people who do not have to take similar capital risks. There may be merit to that argument and perhaps small businessmen should be given special consideration. Yet, certainly, they should not be treated as a species of humanity completely above other Canadians.

There is another issue that I think ought to be considered. I do not think it has been mentioned in the House so far in this debate. It concerns capital gains. It is worth noting that if a Canadian citizen owns a home, he is to be allowed an exemption of $1,000 a year to cover the increasing value of his property plus a further basic exemption of $150 to cover repairs. His basic exemption, therefore, is $1,150 a year. If his house increases in value to a greater extent in any one year, the homeowner may become liable to capital gains tax. In other words, the residence must increase in value at a rate exceeding $1,150 a year before the homeowner may be said to realize a capital gain. I do not wish to consider how this provision affects those people who live in our towns or villages. I wonder very seriously, though, if we ought to have a rule like this applied to farmers.

For instance, if a farmer in Ontario owns a 100-acre farm, it would hve to increase in value at a rate exceeding $1,150 a year before he would realize a capital gain. This applies of course to the farmer who resides on his farm. But if that farmer who lives in Ontario—and my illustration applies especially to eastern Ontario—wishes to expand his enterprise and purchase three or four additional farms, what is his position then? Let us assume the farmer continues living in his residence, since he must live somewhere. If he adds to his basic unit two or three other farm units of 100 acres, he may own upwards of 500 or 1,000 acres of land and still come under the provisions of the original rule. That is, he will be said to realize a capital gain if his extended farm unit rises in value at a rate exceeding $1,150 a year. That is not right, and that aspect I submit deserves further study in committee. Of course, if my understanding of the subject is not accurate, then the entire issue ought to be clarified for the benefit of the Canadian people. I ask, should the large farm entrepreneur be treated on exactly the same basis as the fellow who lives in the village and earns his living by working somewhere else?

My main purpose in rising is to say that the reaction of my constituents has been overwhelmingly in favour of these proposals. Most of my constituents are very much in favour of seeing these kinds of reforms implemented. Most of them are very enthusiastic about those proposals which many hon. members on all sides of the House have alluded to very frequently. These proposals have my general support.

Mr. John Burton (Regina East): Mr. Speaker, I think it is very useful to have a debate on the important subject of the white paper on taxation prior to its referral to the Standing Committee on Finance, Trade and Economic Affairs. I think one of the first points that should be discussed is the framework in which this white paper is being considered and presented to the House of Commons. It is obvious that the government attaches a great deal of importance to the white paper and its taxation proposals, within the context of the over-all program that it will be presenting whenever the government next chooses to go to the Canadian people. In that regard, I think the comments of the hon. member for York South (Mr. Lewis) earlier in this debate were very relevant, because he noted the possible timetable that may be involved in the white paper. He noted that the white paper was not presented until early November of this year, despite promises given for well over one year by the Minister of Finance (Mr. Benson) that its production in the House was imminent. Finally, the Minister of Finance presented the white paper on November 7, and subsequently the motion was introduced to refer it to the standing committee.

After the white paper is referred to the committee, it will of course take the committee some time to consider all the ramifications and implications of that white paper. This will take us well into 1970. I am not sure when the government will consider introducing legislation pertaining to taxation changes. Possibly it will do so in the fall of 1970 or in the early months of 1971. In any case, it seems clear that whatever changes the government may make, they will not take effect until the taxation year 1971. The effect of any apparent benefits to some people in Canada will be shown when our people file their taxation returns for the year 1971, in the early months of 1972.

• (12:30 p.m.)

Just coincidentally this happens to be about four years after the last federal election of June 25, 1968. It would be very convenient timing for the federal government to use this as one of its major weapons in the next election. They may hope to gain some benefit from following this tactic. I am not at all sure it will be as great a benefit to the government politically as they hope for at the present time. In that regard, I think the debate that concluded yesterday, if I might make brief reference to it, was very relevant.

In the debate concluded yesterday, the government finally obtained the approval of this House for the extension of the 3 per cent surtax on income tax into the calendar year 1970. This means that the government can present a more favourable picture than would otherwise be the case of the effect of tax changes from the present system to the new system when it comes into effect in 1971. I suggest that is one of the major reasons the government chose to retain the 3 per cent surtax on income.

I suggest that the government gave a good deal of thought to its timing and strategy in this regard. One small piece of evidence came in the form of some answers to questions which I posed when the estimates of the Department of Finance were before the Standing Committee on Finance, Trade and Economic Affairs last May. At that time, I asked the Deputy Minister of Finance with respect to the forthcoming production of the white paper whether any background papers and studies had been completed by the department for the consideration of the government when deciding on its policies. At that time Mr. Bryce informed me the government had completed all of its studies and the department had prepared all the information necessary for the government to make a decision on its proposed taxation policy.

It appears that not only did it take a long time for the government to consider the matter, an unduly long time I suggest, but some of the decisions in fact were taken some time ago. The white paper could have been produced at an earlier date if the government had chosen to place it before the House. I think the framework of discussion on the white paper must take into account the fact that it arose in large part out of the mammoth study completed several years ago and which is commonly known as the Carter Commission Report on Taxation. The Carter Commission report has been the subject of a great deal of discussion, both favourable and unfavourable. A number of organized pressure groups in Canada objected very strenuously to the recommendations of the Carter Commission.

It must be noted that basically, the Carter Commission report consists of a set of recommendations for a taxation system within the framework of a capitalistic economic system. I think that is quite fundamental and important. There is no doubt that the Carter Commission did make many recommendations for improvements in our taxation system and for

a rationalization of our taxation system. However, all this was done within the framework of retaining our basic economic system, as it has evolved and exists at the present time.

One of the merits of the Carter report that should be noted is its consistency. For the most part, its recommendations were consistent and did not contradict each other or come into basic conflict. I am afraid when the white paper on taxation was presented not only did it go along with the one undesirable feature of the Carter report, namely that it looks to continuation of our economic system, but it also lost the one very desirable characteristic of the Carter Report, that of consistency. The white paper no longer presents a completely consistent set of recommendations which can form the basis for Canada's future taxation system.

One other weakness of the white paper as it was presented to the people of Canada and this House, is the fact that it failed to give adequate consideration to the relationship between income taxation, as one component of the total tax system, and other areas of taxation in Canada which must be related when it comes to establishing an equitable form of taxation.

Last year the government introduced revisions and amendments to estate tax legislation. They did two things at that time. They ignored and rejected the Carter Commission recommendation for integration of estate taxation and our present income tax system. They completely rejected this recommendation. Then, the government went on to do something else which in my view is very important and fundamental. They rejected any notion of reducing the taxation system to bring about any redistribution of wealth and power in Canada. It became clear at that point, when the estate tax amendments were before the House last summer, that the government was not going to introduce any basic changes in our taxation system or in the economic system within which the taxation system has to operate.

I suggest at that point the die was cast. We could see what was coming with respect to other taxation proposals which the government would be bringing forward in the coming months. We saw the government fail to accept the recommendation of the Carter Commission to integrate estate taxation and income taxation.

[Mr. Burton.]

I might note as well that the Carter report also dealt with the pattern of sales taxes throughout Canada. It made a number of recommendations in that regard. We have not yet heard what the recommendations of the government will be with respect to sales taxes, but I understand the government will be dealing with this once the matter of income tax changes has been dealt with by this House.

I suggest that we cannot deal with tax revisions in a piecemeal fashion. It is necessary to have an over-all view of the whole situation. We must know not only what the government is now going to do with regard to income tax, but we must also know what the government is going to do in other fields of taxation, such as sales tax. We already know what they are doing with estate taxes, but we should also know what they are doing in other fields upon which the government depends for a substantial amount of its revenues. When we consider the equity of the tax system, we must not only consider one individual form of taxation. If we are to determine whether in fact we have an equitable system of taxation, we must consider the entire tax system.

The field of sales tax is another very important aspect of political and economic affairs in Canada. Sales taxation brings in the subject of federal-provincial relations because every province in Canada except one depends to a very large extent on sales taxes as a source of revenue. When we consider the future of sales taxes not only in relation to income and estate taxes, but also in respect of federal-provincial relations, we have to give very close consideration to the needs of the provinces. The needs of the provinces come into consideration when we are discussing income taxation as well.

• (12:40 p.m.)

In this connection, the effect of property taxation must also be considered. When a Canadian taxpayer looks at his total tax bill he must have regard not only to income tax and sales tax but to property tax as well, and, as we know, property taxation as presently constructed is one of the most regressive areas in taxation in Canada. To the extent that we fail to introduce greater equity in our income tax, estate tax and sales tax legislation, more of the tax burden is shifted to property taxation. I believe this must be taken into account when we discuss the white paper proposals.

Last night my hon. friend from Waterloo (Mr. Saltsman) referred to one of the matters which has not been dealt with in the white paper, that is to say, the tax free allowance granted to Members of Parliament. I agree wholeheartedly with him that the government should have had the courage to make clear its intention to do away with tax-free allowances. There is no doubt that all of us, as Members of Parliament, incur heavy expenses in connection with carrying out our duties. Nevertheless, we as Members of Parliament should not enjoy a privileged status in this regard; we should not be able to claim expense money without being called upon to provide supporting information or documents.

The White paper on taxation dealt also with the subject of co-operatives and credit unions. This is a matter in which I am very much interested and which I believe should be considered carefully by the standing committee when the white paper is before it. I feel the government has not paid sufficient attention to the unique role played by the co-operative movement in Canada. It is clear that people in the government did not really understand the situation of the co-operatives when they drew up the proposals affecting this particular area of economic organization and activity. The government should carefully review its proposals regarding co-operatives before any legislation is introduced. Co-operatives represent an alternative form of economic activity and organization, and their activities should be encouraged. In my view, the government has not given them a proper break in its white paper proposals. We note that the government appears anxious to push through the House of Commons bills dealing with trust companies, loan companies and insurance companies to make sure that they get additional privileges. At the same time, inadequate attention is given to the situation of the co-operative movement. At this point, I might comment briefly on the position of credit unions.

Credit unions in Canada play an important role in enabling people to deal with their own financial problems, in encouraging self help and making it possible for them to organize their own activities. In my opinion, more attention should be paid to the proposals of the white paper as they affect credit unions. We need to make certain there is no discrimination against them in the legislation as finally introduced.

I understand, Mr. Speaker, the House is to interrupt its proceedings at 12.45 in connection with another function. I should like to move on to another area of discussion. Accordingly, perhaps I might call it 12.45 at this point, and then continue my remarks after the House returns.

Mr. Dinsdale: Let us sing Christmas carols while we are waiting.

Some hon. Members: Continue.

The Acting Speaker (Mr. Béchard): I suggest to the hon. member that he should continue.

Mr. Burton: The white paper envisages that the present economic system will be retained. The fact is that power in our present economic system is vested in the corporations. The power of the corporations is growing. In this context I was interested to note an article which appeared in the *Globe and Mail* yesterday. It dealt with a lecture delivered by Professor Leslie T. Wilkins, head of the School of Criminal Justice at New York University, and made some reference to the growing influence of corporations in our society. I should like to place on record some of the remarks made by Professor Wilkins on this subject. The article reads, in part, as follows:

> Professor Wilkins sees the growth of the power of private corporations and financial conglomerates as one of the main dangers to be faced and legislated for.
>
> Information is power, and as government spending on research is reduced more information is concentrated in the hands of the private firms who can afford to pay for it, he said.
>
> Private corporations can also exercise power in other ways such as in running private police forces to intervene against demonstrators or in other situations where the normal police force does not think action is called for.
>
> "The trend toward more and more power over the individual being in the hands of non-elected organizations will continue", Professor Wilkins said.

In fairness, I should state also that Professor Wilkins noted that in all circumstances this might not be undesirable. Nevertheless, he emphasized that more power is being vested in corporations today than in the past. The implications contained in the white paper are that this system will continue—that the growth of corporate power in our economy will be encouraged.

Another important subject which is treated in the white paper concerns concessions to the oil and gas industries. This is a matter which interests me greatly, of course, as a

member from the Province of Saskatchewan where the oil industry is of some importance. In my view, there can be no doubt that the proposition put forward in the white paper whereby oil and mining companies would be allowed to write off their exploration and development costs, together with interest on the same, prior to being taxed on any revenues obtained as a result of their investment and development expenditures, is a correct one. But I can see no cause for granting concessions in terms of capital depletion allowances, even on the reduced scale envisaged in the white paper. I believe adequate provision has been made—

The Acting Speaker (Mr. Béchard): I regret to interrupt the hon. member but his time has now expired.

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Béchard): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills without amendment:

Bill C-171, an Act to amend the Company of Young Canadians Act;

Bill C-139, and Act to amend an Act to amend the Income Tax Act.

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed consideration of the motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there are one or two other hon. members who were hoping to speak in this debate. They assumed that by a quarter to one we would have gone to the other place, of all places to go. I wonder whether it could not be agreed that we suspend until we hear the knock at the door.

[Mr. Burton.]

• (12:50 p.m.)

Mr. Macdonald (Rosedale): Mr. Speaker, I am prepared to suspend the sitting if the hon. member gives an undertaking that the House will make an order that the debate conclude today, and that the question be put.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are quite prepared to agree that the question on this motion be put not later than four o'clock today.

Mr. Ricard: We are not prepared to agree to that, Mr. Speaker.

The Acting Speaker (Mr. Béchard): Then, it is agreed that the House suspend its sitting?

Mr. Macdonald (Rosedale): Do I understand that an order of the House has been made?

The Acting Speaker (Mr. Béchard): Does the House agree to the suggestion of the hon. member for Winnipeg North Centre?

Mr. Ricard: No, it is not agreed, Mr. Speaker.

The Acting Speaker (Mr. Béchard): It is not agreed.

Mr. Macdonald (Rosedale): Then, would you put the question, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): It has already been agreed that the sitting be suspended until we hear the knock on the door.

Mr. Macdonald (Rosedale): Mr. Speaker, it was agreed that we would suspend if an order of the House were made. The order was not made, so perhaps we could go on with the question.

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

Some hon. Members: Question.

[*Translation*]

Mr. Ricard: Mr. Speaker, I should like to make a few remarks.

In the same way I opposed yesterday the 3 per cent surtax, I feel it is my duty to state my opposition again today. I should like to tell the government that the proposals in the white paper have provoked many unfavourable comments in my riding, as well as elsewhere in Canada. The white paper reflects the determination of the government to continue to starve the municipalities and the

provinces. There is nothing favourable or interesting for the provinces in the white paper. The latter have as well as the municipalities tried to give to understand to the government that their obligations were increasing from year to year and that they had to make do with constantly decreasing budgets.

[*English*]

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

An Act to amend the Customs Tariff and to make a consequential amendment to the Excise Tax Act

An Act to amend the Judges Act

An Act to amend the Excise Tax Act

An Act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System and Air Canada for the period from the 1st day of January, 1969, to the 30th day of June, 1970, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company and certain debentures to be issued by Air Canada

An Act to authorize provisional payments for the 1969-70 crop year in respect of unthreshed grain in the prairie provinces

An Act to amend the Children of War Dead (Education Assistance) Act

An Act to amend the Company of Young Canadians Act

An Act to amend An Act to amend the Income Tax Act

An Act to amend Schedule A of the Bank Act

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending 31st March, 1970.

Mr. Speaker: It being one o'clock I do now leave the chair.

At 1.09 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

ROUTINE PROCEEDINGS

BROADCASTING

REFERRAL OF REPORT OF RADIO-TELEVISION COMMISSION TO STANDING COMMITTEE

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, before we proceed with the debate may I ask the permission of the House to revert to motions.

Mr. Deputy Speaker: Does the House give unanimous agreement to reverting to motions?

Some hon. Members: Agreed.

Mr. Macdonald (Rosedale): I should like to put the following motion:

That the report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1969, tabled in the House on October 22, 1969, be referred to the Standing Committee on Broadcasting, Films and Assistance to the Arts.

This matter has been discussed among the representatives of the parties.

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

Motion agreed to.

GOVERNMENT ORDERS

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE TO STANDING COMMITTEE OF WHITE PAPER ON TAXATION REFORM

The House resumed consideration of the motion of Mr. Benson (for Mr. Macdonald, Rosedale):

That the white paper entitled Proposals for Tax Reform tabled in the House on November 7, 1969, be referred to the Standing Committee on Finance, Trade and Economic Affairs.

[*Translation*]

Hon. Théogène Ricard (Saint-Hyacinthe): Mr. Speaker, at the time of adjournment I was saying that provinces and municipalities are more than ever hard pressed to meet their obligations and discharge their responsibilities. One would have thought that a study of the fiscal situation would have led

the Minister of Finance (Mr. Benson) to jump on the occasion to discuss frankly and clearly this issue with provincial authorities.

It seems that the problem of tax-sharing cannot be settled at the present time. Full co-operation of those directly affected by and involved in this problem would be needed to help remove the difficulties. The minister should not take advantage of the situation and tell the people how he will go about it. We have come in fact to realize that he was some sort of a dictator. He presented the provincial authorities with a fait accompli, and told them something like this: I am not very concerned about what you think, things will be done my way.

It happened again when he decided to extend the 3 per cent surtax. He did not worry whether the people liked or disliked this measure. He gave no thought to the injustice he was perpetrating, going to the taxpayers' pockets for $20,000,000 whereas he was collecting only $5,000,000 from corporations or from people who were well able to face their commitments.

In these circumstances, needless to say that the proposals contained in the white paper add up to a source of injustice for the population as a whole. They provide the Canadian people with an opportunity to vent their frustration.

Canadians in general were expecting more understanding from the federal authorities in connection with the action the present government had promised in order to promote a just society.

If the proposals in the white paper were to be adopted, the department would increase its revenues by taxing a particular group, that is those taxpayers earning between $10,000 and $25,000 a year. Yet, although the revenue of those citizens is very heavily saddled, the minister nevertheless proposes to reduce from 80 per cent to 50 per cent the income tax share that will be payable by big companies with a revenue of over $300,000 a year.

I had the opportunity, last week, to meet one of my constituent, a prosperous merchant, as there are several in our province, especially in my riding. His business, which started from nothing, has become very prosperous. That merchant, who now employs some twenty persons, was telling me that if the proposals of the white paper are implemented, he foresees that he will be forced to close down his business.

[Mr. Ricard.]

In his opinion, that would spell the end of medium- and small-sized businesses, for the bureaucracy would pose as master of the common people.

He also believes that if the present minister puts these proposals through, it would mean the end of the Liberal administration for many years to come, and I agree. In fact, we have seen for some time a number of instances where the population would benefit from seeing the end of the present administration, since it could then shake off the yoke put on it.

Mr. Speaker, I would not like to delay any longer the business of the House. In order to make these few comments, I drew inspiration from the remarks that people in my riding have made and continue to make to me. I thought it was my duty to point out to the minister that, should he insist that the white paper proposals be adopted unchanged, he is not acting in the best interest of the Canadian population. He will certainly contribute to sow the seeds of discord among the people. We should like to convince him how well advised he would be to modify his position.

• (2:10 p.m.)

[*English*]

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, there has been a good deal of variety in the discussion which has taken place so far on the proposal to refer this white paper to a committee, a white paper which I have heard many members erroneously label, white paper proposals for tax reform. I would be prepared to admit that the white paper does indicate some changes in taxation, but whether they are reforms or not is a matter that will be debated at greater length than in this preliminary discussion.

Some of my colleagues in the New Democratic Party have discussed the general range of the proposals. I do not intend to repeat what they said. I intend to confine my remarks to one particular proposal in the white paper. It happens to be related to a change in the income tax about which I have been arguing ever since I first came to this House following the 1953 general election. I am referring to the question of the deductibility of expenses incurred in the course of earning a living by those whose income is derived from salaries or wages.

So far, Mr. Speaker, with very minor exceptions there has been no provision made in our income tax law for anyone whose income does come from salary or wages to deduct any of the expenses necessarily

incurred in earning his living. The white paper contains a proposal which purports to move in that direction. On the night that the white paper was tabled I made some comment on that particular proposal, and at once labelled it a snare and a delusion. Nothing that has come to light since, as a result of further study of the white paper, has changed my mind on this point.

You will recall, Mr. Speaker, that the white paper proposes that wage and salary earners be allowed to make a deduction from their taxable income of 3 per cent up to a maximum of $150. The white paper suggests that this is to be an allowance for expenses incurred in earning a living. In my view it is nothing of the sort. Really, all it does is provide an additional basic exemption for all people whose incomes are derived from wages and salaries, whether or not they have any expenses. That is why I label it a snare and a delusion.

Even if one were to regard it within the context in which the white paper places it, it is in itself an inequitable proposal because it provides a flat rate of exemption based upon income. It has no relationship to the actual expenses incurred. In other words, a low salaried worker, no matter what his expenses may be, will not be able to deduct as much as a higher salaried worker.

A person at the $3,000 level would be allowed to deduct only $90. At the $4,000 level he would be allowed to deduct $120. It is only when one reaches the level of $5,000 or more that the maximum of $150 is allowed. This is an internal discrimination within the proposal. It underlines the point I am trying to make, that this proposal has nothing to do with the expenses incurred by wage earners in the course of earning a living.

Indeed, I find it quite incomprehensible that the Minister of Finance (Mr. Benson), who has been referred to with a variety of adjectives in recent days and weeks, and for a variety of reasons, would even consider bringing in a proposal which is so obviously absurd. I have great personal liking for the Minister of Finance, but I find it difficult to label this proposal as anything other than a cheap political gimmick to meet what has become a demand for equity in taxation between those whose income comes from salaries and wages and those whose income comes from other sources.

• (2:20 p.m.)

Therefore, Mr. Speaker, once again I should like to emphasize to this House, and to the working people of Canada, that this proposal is a snare and a delusion and should be vehemently rejected. Indeed, to underline the absurdity of it I should like to point out that at a convention in, I believe, 1955, the then Canadian Congress of Labour rejected a resolution which brought forward a proposal virtually on all fours with the proposal that the Minister of Finance has put forward in his white paper. I was present at that convention and listened to the debate. As a matter of fact, I was there as a delegate and took some part in the debate. The convention rejected the proposal because the delegates did not want to become the laughing stock of Canada. I mention this to show what, more than ten years ago, a large segment of the working force whose income is derived from salaries and wages thought of this idea.

Having said that, Mr. Speaker, I think it would be approriate to point out some of the ideas that have been brought forward in this House from time to time which in my view might appropriately be labelled attempts at elimination of the inequity existing in the Income Tax Act. I consider it to have been one of the red letter days in my experience as a member of this House when in 1956, the then minister of finance, the Honourable Walter Harris, admitted to me that section 5 of the Income Tax Act discriminated against those whose income was derived from salary and wages. This was the first time, Mr. Speaker, that a spokesman for the government of Canada had publicly made that admission although I had raised the matter in debate, as had other members, in previous years. The Minister of Finance had always sat mum and refused any comment. But in 1956 Mr. Harris did admit discrimination existed and said that the government was considering doing something about it. In view of subsequent political events, I cannot hold the Honourable Walter Harris responsible for the fact that the government did not do too much about it.

However, not too long afterwards the Department of National Revenue introduced a change in policy in what it called an "Information Bulletin". I can remember that this was Information Bulletin No. 10 and was a direction to employers in the construction industry that they were not to continue the practice which had been widespread until then of excluding from the taxable income of

employees amounts paid on their behalf for travel, board and lodging when they were away from their homes on construction projects. The direction was that this amount should be credited to the employee as taxable income. Well, there was a hue and cry from every construction union in this country.

Members of Parliament were deluged with protests. I remember that a number of leading spokesmen in the then opposition—people like the Honourable Donald Fleming and the Honourable Howard Green—made vigorous speeches protesting information Bulletin No. 10 and the action of the Liberal government in sending it out. When, somewhat to their own surprise, after the 1957 election they found themselves sitting over on the other side of the aisle, there was an amendment made to the Income Tax Act which still stands. The amendment made a provision, for construction workers only, for deduction of expenses necessarily incurred in earning a living. The amendment provided that construction workers, whether the payments were made by them or their employers, could claim costs of travel to and from a job which took them away from their normal place of residence as well as the cost of room and board whilst away from home. That particular proposal was on all fours with the suggestions a few of us had been advancing in the House prior to that. We are not talking about street car fares as part of the cost of earning a living, or even buying a suit of clothes or an ordinary pair of overalls. These are the kinds of things that might be included as a basis in some plan of tax credits and I think they could be discussed before the debate on tax reform proposals is concluded.

I remember telling the Honourable Donald Fleming in this House that the proposal was sound as far as it went but why should there be discrimination against miners, loggers, or anyone else who had to travel away from their ordinary place of residence. Why should only one particular group benefit, just because there had been a hue and cry about it.

I know arguments were advanced, as they have been and probably will be again, that some proposals to achieve equity in taxation are too difficult to administer. I suggest that tax laws should not be framed to meet the convenience of the civil servants who have to administer them.

Some hon. Members: Hear, hear.

[Mr. Barnett.]

Mr. Barnett: In other words, Mr. Speaker, I should like to see a minister of finance who would stand up in this House and say, "We want tax equity." It is not beyond the ingenuity of trained and competent people, particularly now with the facilities we have such as computers, to carry out a proposal that in all essentials is equitable and applies across the board. This proposal in the white paper, if it does anything, will tend to tip the scale of inequity in the opposite direction. If this proposal becomes part of our law there will be written into the Income Tax Act a basic discrimination against those whose income is not from wages or salaries, a basic discrimination against farmers and professional people classified as self-employed for the purposes of the Income Tax Act.

I suggest, Mr. Speaker, that the government is labelling as tax reform something that is not going to eliminate an existing inequity in any realistic way but which is going to create a new inequity in our tax system. This can hardly be called reform. So I felt that I should like to make quite clear on behalf of myself and, I believe, my colleagues in the New Democratic Party that we do not buy this cheap little gimmick, this sop to the wage and salary earners. I suppose it is meant to create in their minds some mirage that a tax reform is being proposed by this government which will be to their advantage.

• (2:30 p.m.)

I do not think the working people of Canada are going to buy this gimmick. I certainly am not going to buy it, and will do what I can to persuade the government to change this proposal so that it will provide for equity in this particular area. For instance, we could introduce changes to the basic pattern already evident in the Income Tax Act. Certain provisions, with minor modifications, could be made to apply to all workers who are in the position of, say, construction workers. That provision could be made to cover the depreciation of workmen's tools and equipment.

If that were done those people whose source of income is wages or salaries would be put in the position occupied by those who are self employed. While that would not completely reform our tax system, such a move would be a realistic one. In my view it would be a very necessary step towards equity and fairness in taxation. I hope that when this subject matter is being considered by the committee, the members of the committee

will take a good, hard look at this particular aspect of the taxation proposals in the white paper and will, in the interests of fairness, point out to the government that this proposal will not really reform Canada's tax system.

Mr. Maurice Foster (Algoma): Mr. Speaker, may I make a few comments about the white paper on taxation.

An hon. Member: Make them brief.

Mr. Foster: My colleague has asked me to be brief. I will be, because I am sure we are all anxious to get away for our Christmas recess. The initial response of Canadians generally has been very favourable to this white paper on taxation. The initial bloom, however, will fade as time goes on because those who will have benefited by the proposals will say, "Aha, I have benefited," and promptly forget about them, whereas those who will have to pay higher taxes will continue pleading their case. Certainly, the majority of Canadians will benefit, because under these proposals some 750,000 Canadians in our lowest income tax categories will not have to pay any income tax. Another 3 million Canadians will be paying less tax than now, and 800,000 more will be paying roughly what they are now paying. All these people, obviously, will be pleased with the proposals. Some 3 million Canadians, however, will pay more tax than now, and I am sure that we shall be hearing more from them in the future.

I support the entire philosophy of the white paper on tax reform, because it says that taxation must be according to ability to pay. In this respect the proposals are progressive. Certainly, people in low income brackets welcome higher exemptions. The deductions of $500 per year, provided for working mothers for expenses, up to a total of $2,000 for four children, are a welcome part of the reform. There are also to be deductions for workers who move. These constitute an important reform. In my area, especially, many people are coming in to take up employment or moving to other towns to better jobs. If they move at least ten miles to take up a new job they will be able to claim their moving expenses.

Another important deduction will be that pertaining to expenses incidental to employment. Many workers in my area must travel up to 50 miles to their jobs. While they may feel that they should have been permitted in the past to claim their travelling expenses, they will feel no doubt that, although the present proposal will not enable them to recover completely the costs of transporting themselves to and from work, it is taking a long step in the right direction.

A letter I received makes the bland statement that this bill will kill all small businesses. I should like to examine that statement. First of all, it is not a bill but a white paper, and I congratulate the Minister of Finance for bringing forward these reforms in a manner that will enable all Canadians to participate in developing a new tax system for our country. So, we have here a white paper, and when it goes to the standing committee all Canadians who wish to will have an opportunity of presenting their views. Ultimately, many of these recommendations will be incorporated in our tax laws.

The second part of this statement indicates that all small businesses will be affected. This is a little hard to believe because only about 40,000 or 50,000 of some 450,000 small businessmen in Canada are incorporated. Nevertheless, throughout the country the idea is common that all small businesses will be affected, and I think this ought to be clarified. It is also incorrect to say that the corporation tax rates applicable to small incorporated businesses will be automatically increased from 21 per cent to 50 per cent under these proposals. The rate of 21 per cent now applies to small companies, but hereafter taxes, would be assessed on the first $35,000 of profits at the same rates as apply to the personal income of the company owners.

When one considers the situation of the businessman who is expanding his business and developing more sources of business and who, by his activities in the community is developing more job opportunities for those living in this community, it will become apparent that present proposals, especially in the light of high interest rates are not quite fair. This is so because that businessman will encounter difficulty in raising capital for expansion. I, therefore, feel that the proposals relating to taxes on small incorporated businesses need to be studied by the committee. Amendments may have to be made, because I do not think the proposals are complete in their present form.

Another matter which needs further study, and a number of businessmen have asked me about it, is that pertaining to deductions for expenses incurred while entertaining or while attending conventions. A man in the lumber business asked me about this aspect. He sells most of his products abroad, and does much

business at conventions and meetings in the United States. He says that his main competition comes from people in the lumber business in other countries. I do not think it is quite fair to disallow entertainment expenses, especially since those are quite legitimate expenses. Export sales from Canada may result from them and I do not think we are being quite fair to Canada when we do not allow a businessman to deduct his entertainment expenses. I say that, Mr. Speaker, because we certainly want to increase our export sales.

• (2:40 p.m.)

The special concessions which have been allowed to the Canadian mining industry are to be changed, according to the white paper's proposals. It is proposed to eliminate the three year tax holiday. The Minister of Finance said it is far too costly to the revenues of the government. This may well be, but I would like to see the figures. It is all right to say it is too costly and not necessary, but I would like to see the figures. In the most important uranium mining industry in my district of Algoma, I tried to secure the amount of tax paid by the uranium mining companies of this country. It was impossible to obtain these figures. In this regard I am from Missouri, Mr. Speaker—I want to be shown these figures.

An hon. Member: You are from where? What's wrong with Algoma?

Mr. Foster: I would like to see the figures and, on the basis of the figures, make my decision. Northern Ontario depends on the mining industry and this industry is certainly not favoured by the provisions of the Regional Development Incentives Act passed last year. We want to study very closely any changes which may affect this industry before they are made. They may well be justified. If they are, I am sure the minister will be able to provide the figures to prove that fact.

Another item which has received a lot of criticism in my riding is the capital gains tax as it applies to widely held Canadian corporations, especially on unrealized capital gains. I would like to see the standing committee study this proposal to ensure that we are not harming development and growth more than we are gaining by increasing the taxes. The Standing Committee on Finance, Trade and Economic Affairs will have an opportunity to study these matters as will the Canadian people, because I am sure during 1970 these tax proposals will be the most widely discussed topic in Canada.

Perhaps this would be a good time for the Standing Committee on Finance, Trade and Economic Affairs to experiment with television so that Canadians can see how the committee is dealing with this problem of tax reform. People would be able to participate by passing along their suggestions, so that during the next year the committee could bring forward the most equitable Income Tax Act for Canada.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I am sure the remarks that have been made in this particular debate will be of use in the over-all consideration of the white paper, although I believe the real weight of the consideration that this white paper must have will come in a parliamentary committee or in the discussions of the joint committee which is proposed. Not only will this be the responsibility of the committee insofar as we in the House are concerned in passing legislation which may arise from the white paper, but it will be a very special responsibility to the people of Canada. The Minister of Finance (Mr. Benson) told the provincial treasurers last week, "We'll change anything in the white paper if we can be convinced it should be changed". This is a very broad statement.

From the reactions that I have heard and read about, there will have to be many changes before the white paper can ever be developed into legislation. It will be the responsibility of the special committee to hear these criticisms and convince the government that there are many changes that must be made to the white paper.

Mr. Blair: Will the hon. member permit a question? Will the hon. member say if he and his colleagues are prepared to let the white paper go to committee so the people can indeed present their views?

Some hon. Members: What a stupid question!

Mr. Thompson: That question is completely redundant, Mr. Speaker, and is certainly not in keeping with the spirit of this House. This party has no intention of preventing this white paper from going to the committee. That is the purpose of the committee. This is what I have been trying to say. I do not quite get the import of the question.

I want to make a suggestion because the members of the committee are going to require a lot of assistance when dealing with the voluminous submissions which will come from various parts of the country. I refer particularly to research assistance. As I listened to hon. members on the government side speaking today, for the most part supporting the recommendations of the white paper, I realized it would be a tragedy if the research available to the committee came only through the normal channels and if this were more or less government oriented.

It would be a very wise move if research assistance could be provided for each party delegation that constitutes the special committee in order that there may be a well rounded consideration. This certainly would assist the various members of the committee who represent the various positions which have already been expressed in this House. I hope the government will take this into consideration and provide the extra research facilities for this extremely vital and important work which this committee will have to do.

Mr. Deachman: We provided nearly $200,000 for this. What did you do with it?

Mr. Thompson: I remind the hon. member who mentioned the $200,000 research fund that this applies to the entire opposition and does not in any way compare to the amount available for research facilities to members of the government side. This applies to every cabinet minister and every department. In this special instance, this committee needs extra research assistance and I believe it should be made available to every group or party that forms this committee.

Some hon. Members: Hear, hear.

Mr. Thompson: I believe the greatest result that can come from this white paper is the inevitable discussion that it is going to generate and, in fact, has already generated. This white paper is an elementary and by no means complete statement of taxation reform in Canada, which is so very much needed. I must say this is a positive aspect of the white paper. My feelings centre around the fact that the minister, in spite of stating he is not going to be rigid in his attitude toward the white paper, will favorably consider many of the proposals. I am concerned, from the remarks being made in the House by the Minister of Finance, that the white paper actually is government policy.

I hope, Mr. Speaker, that some broadened aspects will be the result of this study. It seems that only part of the over-all tax reform that is needed in Canada has been presented. The white paper states that reform of the sales tax is less urgent, and can be accomplished after action on the proposals of this white paper. Why should it be piecemeal in that way? Why does the white paper not deal with the over-all aspect of taxation reform? Many new aspects of the sales tax structure are badly in need of reform. Without the government's proposal, in this regard it is going to be difficult to assess the total proposed tax structure. No mention is made of plans to reform the administrative aspect of the taxation system. The tax jungle remains with us unless the need for extensive administrative changes is recognized and the taxpayer is given an opportunity to know where he stands. As far as the Ottawa taxation authority is concerned, taxation procedures will continue to be enshrouded in red tape.

• (2:50 p.m.)

I do not believe there is any real recognition, either, of the tremendous need which exists in Canada today in connection with the financing of vital social services such as education, health and certain aspects of municipal work. Some people would say that this falls within the jurisdictional field of the provinces, but I am sure all the provincial treasurers have made it plain that this is the area in which the greatest discrepancies exist as far as taxation is concerned. The provinces will certainly need greater access to revenues if they are to carry out their responsibilities adequately in the directions I have indicated.

Another criticism of the white paper concerns its neutral attitude toward inflation. I think this criticism is justified. The federal treasury extracts higher revenues each year as inflation continues and the proposed capital gains tax will give it a further vested interest in inflation. Unfortunately, the proposals contained in the white paper do not go as far as they should if we are to consider at this time the over-all picture of tax reform.

Another criticism which concerns me relates to the relief which is proposed for those in low-income groups. What is proposed here will really be of no assistance whatever to those who make too little to be liable for tax. The minimum wage at the federal level—and the minimum provincial rates do not vary much—is $1.25 an hour. This amounts to approximately $2,600 in a working year.

According to the recommendation of the white paper, a married man without children earning the minimum wage, that is, $2,600, would benefit to the extent of $1.42 a week. Mr. Speaker, for such a person the white paper might just as well not have been written.

Some hon. Members: Hear, hear.

Mr. Thompson: The needs of this large section of the Canadian people cannot forever be ignored. It seems to me more regard should have been paid to them in the white paper.

I am concerned, too, about the impact of these recommendations on incentive and resource development. Do we really want to raise money in increased amounts for federal expenditure and federal government services, or should we not be acting to increase the productivity of this country?

An hon. Member: Both.

Mr. Thompson: Someone says "both". I maintain that until we increase the productivity of this country we cannot adequately do the other.

Mr. Saltsman: You cannot increase productivity until you do the other.

Mr. Thompson: Members to my left have got the cart before the horse, as far as I am concerned.

Some hon. Members: Hear, hear.

Mr. Thompson: We must ensure that productivity increases at a rate which enables us to afford the social services we need.

I was most impressed by the remarks of a man who commented on this white paper the week end after it was made public. The day after he had made this speech to which I intend to refer he was killed in an unfortunate plane crash in Labrador. I am referring to Donald McParland. The day before that accident, he said this:

"On first perusal, there does not appear to be a single proposal in any of the suggested tax reforms which would make Canada a more attractive place for foreign investment. The entire focus seems to be inwards and not outwards. It suggests we are contemplating our navel and ignoring the world."

Mr. Mahoney: That is a good one. I wish I had said that.

Mr. Thompson: He went on to express the thought:

[Mr. Thompson.]

"I feel the white paper has somehow missed the boat. At best it reslices the pie. The challenge facing Canada is to increase the size of the pie."

He stated further:

The government appears to feel that Canada's stability is attractive enough in itself to draw outside investment capital without the need for special incentives.

This has not been the case in the past, with the incentives available. We have never been able to attract enough money to do all the things in this country that we really need to do.

How can the situation possibly improve when we lower tax incentives and levy a capital gains tax?

The report continues:

He said provision of new jobs requires industrial growth which "is retarded by any negative impact on capital investment."

"Have we not the right to expect from our government some positive leadership in this respect?"

That is a very real question. The report then goes on to state:

The government shows a certain arrogance in its white paper statement that the government's need for money is so great that it cannot afford to reduce over-all revenues. "Has the time not come when the taxpayers of Canada should demand an effective answer as to why governments continue to require the annual amounts which are demanded from the taxpayers with such pious proclamations?"

Commenting on the proposed capital gains tax, Mr. McParland said:

In a mature or saturated economy certain arguments for such a tax are supportable. However, Canada is a growing, vigorous country and needs capital expansion.

I cannot but agree with those opinions. While I do not deny the justice in certain areas of a capital gains tax, the fact remains that our greatest need in Canada as far as increased productivity is concerned is the availability of sufficient capital.

Another criticism to which I shall refer briefly relates to the adverse impact the policies proposed in this white paper would have on incentives. The incentive to save which has been so characteristic of the Canadian people would be destroyed. Expedience will take over instead of thrift in personal management. Again, I wish to refer to an article which came to my attention today. It is the annual report of the Canadian Imperial Bank of Commerce. In the course of his address to the 103rd annual meeting of bank shareholders, Mr. Neil J. McKinnon, the chairman, made a statement which I propose to quote in part. He said:

The bulk of savings in Canada has been accumulated by the population in the middle income groups. The proposed requirement of payment of capital gains tax on equity securities every five years, combined with the estate taxes and onerous

gift taxes adopted by the Ottawa government a year ago, will negate their efforts.

Canadians will soon come to the conclusion that their efforts to save and accumulate an estate are pointless, because the head of each family after providing for his wife is bound eventually to say to himself "What's the use? If I leave money to my daughters and sons, the Ottawa government takes half—to say nothing of the additional heavy provincial succession duties in, for example, Ontario and Quebec."

It is a short step from there to say to himself, "I might as well spend what I have because, in effect, Ottawa pays half through the estate tax it doesn't get."

Saving has been defined as deferred consumption, perhaps long deferred within one generation and longer deferred when left to the next. The taxation measures proposed in the white paper obviously will diminish saving and put almost a compulsion on spending and immediate consumption.

It is obvious that in order to discourage prices from rising there must be incentives to save rather than to spend. The white paper scheme is in direct opposition to all the recent fiscal and monetary measures designed to discourage the sharply rising prices of the past several years.

In this sense, it seems to be that many of the recommendations in the white paper encourage inflation instead of seeking to control it. Mr. McKinnon continued:

The authors of the white paper seem to have overlooked that new investment capital is fluid and is extremely sensitive to the environment provided by the host country. Raw materials are being found in all parts of the world, and capital will go to the most attractive environment.

The principal reason Canada has been an attractive place to invest has been its system of taxation which, though far from perfect, has created the incentives and the consistencies of treatment to induce both domestic and external capital to invest in this country.

• (3:00 p.m.)

Unquestionably, there will be profound changes in the attitude of foreign capital to investment in Canada as a result not only of the immediate taxation measures proposed in the white paper but in their longer range implications for the development of the economy and the capacity to service foreign investment.

If the white paper is accepted it will convert the savers of the nation into spenders, and consumption will increase over the years.

Under these circumstances, interest rates will not fall but will likely continue to rise to levels much higher than they would otherwise be.

Failure to increase production and exports, combined with the emphasis on domestic consumption instead of on saving, will have an adverse effect on the Canadian balance of payments and on Canada's ability to service foreign investment. Over a period of time, this could lead to a further devaluation of the Canadian dollar.

Another point which Mr. McKinnon makes, and which I think is very well taken, is this:

These conditions will encourage an exodus of the better educated, more able and more mobile young Canadians to other countries with greater promise for them. As the vitality of the nation in every field of endeavour depends on the quailty of the people within it, there could develop a debility of the entire economy.

This is why I am convinced that while many of the recommendations in the white paper will stimulate discussion, they have not really been thought through when it comes to meeting basic needs in Canada today. I am sure that similar criticism will be expressed before the standing committee which considers the white paper.

The committee is being given the very important responsibility of making recommendations to the government on future policy and legislation dealing with tax reform. We can only hope that the government will pay more attention to the recommendations that will come from the committee than it has to some of the recommendations made by other committees during the last month. In this respect the defence committee is an outstanding example. It seems to me that although the committee did good work and its reports reflected the overwhelming opinion of its members, the government nevertheless saw fit to ignore its recommendations.

The last point I want to make is this. It is, of course, impossible in the space of a few minutes to cover all the aspects of the white paper, nor do I intend to try. I would like to refer to the effect the white paper will have on small businesses. The white paper will not only affect adversely small businesses, but it will have a very discriminatory effect on some of our vital, bigger businesses. For example, is it fair to tax the Ford Motor Company of Canada, which is a widely-held Canadian corporation, but not General Motors of Canada, which is a closely-held Canadian corporation? Many aspects of the white paper relate to both small and big businesses, and in my opinion some of the proposals have not been thought through sufficiently. Certainly I do not think they meet our taxation requirements.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is always a pleasure to follow the hon. member for Red Deer (Mr. Thompson). During the course of his remarks I found myself in agreement with him on the question of taxing the poor of Canada. He

adopted a position that has been generally held by our party, and I was somewhat afraid that he would go on to give his general support for our philosophy—something that would, of course, have caused us to reconsider our position. However, I trust I stand reassured that there is still a clear distinction in view between the hon. member and the New Democratic Party.

Mr. Thompson: There is, thank heavens.

Mr. Broadbent: Thank heavens is right. I notice the hon. member did not suggest how the philosophy of the Social Credit might be brought to bear in dealing with this subject, though perhaps he will take the opportunity to do so at a later stage.

My remarks will be brief, Mr. Speaker, since it is late in the afternoon. I want to talk on one issue, namely, the relative priority that we attach in society to the provision of private consumer goods as opposed to collective goods. It seems to me clear that the white paper reveals a bias in favour of the production of consumer goods in our society. Democratic Socialists in this and other countries have for many years emphasized the importance of collective goods, and have done so, I think, for three general reasons. First of all, the provision of collective goods is the most practical way to solve many of society's problems. Other parties have also accepted the practicality argument; certainly we have no monopoly on it. When railways, hydro stations, hospitals and so on are required, other political parties historically have accepted the practicality of providing collective goods and services; and many of these practical arguments remain today when similar services are required.

The second argument that we favour, one which is not so enthusiastically greeted by our political opponents, is that collective goods are provided on the basis of equality, which to me is very important. When modern economies during the last 30 to 40 years began to shift their emphasis away from exclusive preoccupation with consumer goods, what they were really moving toward was the provision of goods and services to the people in our society on the basis of equality. Whether one is rich or poor, one uses public facilities such as a summer park, a hospital, a medical plan, free university education, or benefits from medical research. The point that I regard from the social philosophical point of view as of supreme importance is that people in society be treated equally; this is what public goods do. This in turn has a very important spin-off effect, if you like, in terms of developing the attitudes of people in society. This is our third reason for supporting this motion, and it is one of the philosophical principles of democratic Socialism.

By providing more goods and services through the collective expenditure of public money we are laying the foundation for a non-competitive society; we are laying the foundation for people to be free to pursue the life of their choosing, instead of being driven to compete in the economic substructure of society for goods and services. This is the classic goal of Socialism. Whether we will see it in our lifetime is, I suggest, an unlikely possibility, but it remains something to which we should be seriously committed as a society.

Only in the kind of environment where our children are permitted to grow up, taking for granted that they will get the kind of goods and services that they require, providing they make an individual effort, can we make substantial inroads into the competitive aspects of human nature, aspects that I contend are undesirable. Only by this means can we make inroads into the acquisitive aspects of human nature and emphasize the more desirable characteristics of human beings, so they may, to use a current cliché, do their own thing.

• (3:10 p.m.)

So much for the general framework. What kind of bearing does the white paper have on this kind of question? It seems to me there is a bias in favour of those who produce privately-consumed goods. The federal, provincial and municipal governments, in order to finance the much needed public, collective goods through bonds or debentures need all the encouragement they can get. Governments at all levels are today experiencing very serious problems in obtaining the capital they need for public investment.

The white paper, however, proposes substantial dividend taxes on holders of equity to the detriment of holders of bonds. The tax exemption on dividend income is proposed for one-half of the Canadian corporation tax paid by the corporation on the profits from which the dividend is paid. That helps the man who wants to invest in the consumer goods industry. No such exemption is proposed for bondholders. No such benefit, therefore, is provided for much needed public investment whether it be urban renewal, medical

research, public parks or anything else we as human beings in society decide we need on a collective basis.

At a time when the people of Canada are very sensibly increasing their demand for these public goods, we have a government making proposals which, far from encouraging the movement in this direction, discourage it. Far from increasing the development toward a more co-operative kind of society, we are providing tax incentives which will serve to increase the production of the consumer goods section.

Mr. Francis: Mr. Speaker, I have been trying to understand the hon. member's argument. Is he arguing that he prefers measures which would encourage Canadian citizens to own bonds rather than to own Canada through the form of equity stocks?

Mr. Broadbent: The argument is that we need incentives in the public sector. We also need incentives in the private sector. I am not arguing that we should have a completely publicly-owned economy or a completely privately-owned consumer oriented economy; I am suggesting that there is a very serious imbalance at this time, greater than ever before in Canadian history, between privately and publicly-oriented investment. The tax should be weighted marginally at this time in favour of public investment as opposed to private investment.

An hon. Member: At least it should not be discriminatory.

Mr. Broadbent: The taxation proposals should not be discriminatory in that they perpetually encourage investment in one sector more than the other. I suggest this reflects a very significant difference in the political philosophy in terms of methods.

It is true in inflationary periods that the private sector can give investors private stock or other forms of equity as a means of protecting their investors. More than that, when corporations borrow their interest costs are cut by 50 per cent, making a 9 per cent rate only 4½ per cent net on borrowed money. Government action, in contrast, has no such protection.

At this time, when we are experiencing one of our most serious and prolonged inflationary periods, we have in the white paper a proposal that is not in any way designed to help public investment or to encourage people to put funds into the public sector whether at the municipal, provincial or federal level.

On the contrary, whatever incentives are provided encourage the private production of consumer goods. This seems to me to be the inevitable tendency of the white paper. This approach will discourage expansion by public development efforts, whether it be in the field of urban renewal, public housing, hospitals, medical services or a whole host of other fields upon which we depend for a civilized life. For these reasons, and there are many others, I think the white paper should be thoroughly discussed and seriously amended.

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, I wish to comment very briefly on the white paper now before us. The first point I want to make is that the highlights in the white paper give no recognition of modern social needs. We have noted the basic exemptions for what they are as proposed in the white paper. Certainly they are a far cry from a serious recognition of modern needs.

I was very surprised that the government, in recognition of our social needs, would allow basic exemptions along the lines proposed. I am sure all members of this House would agree that a single person with an income of $2,000 per year, or a married individual with $4,000 per year, is living at a level which is less than the basic requirement. The white paper does not even recognize this fact. It does not recognize that in our taxation system there should be exemption on a scale basis to cover the increasing basic needs of people.

Let me deal specifically with the proposal in the white paper for a general deduction in respect of employment expenses. It is suggested that this be 3 per cent of wages or a maximum of $150 in taxable income. In my opinion this should be recognized as a basic exemption. Unfortunately, when we look at the allowable deductions for the two classes in our society we find they are of two types. The people who have made representations to Parliament throughout the year are those who have received greater recognition in regard to income return. There should be a difference in the treatment of these people compared with those who are on lower incomes or who are unemployed.

In 1967 a letter was written to the taxation office asking for consideration for employees who were forced to move from one city to another. No consideration was given in respect of the income tax regulation covering

these moving expenses. Since then many such letters have been written. The only answer received was that no consideration could be given under the provisions of the act. On May 3, 1967, when the present Minister of Finance (Mr. Benson) was minister of national revenue, he said:

> In the particular situation you have outlined, I can readily understand the reluctance of these employees to move their homes—

He said this in acknowledging a letter written by the former member for Moose Jaw-Lake Centre. He then stated:

• (3:20 p.m.)

> However, the expenses of travelling between a taxpayer's home and his place of employment are personal living expenses. The Income Tax Act specifically precludes personal living expenses being allowed as a deduction in computing the income of the taxpayer. This same position would prevail with respect to any living expenses incurred by such employees in Regina.

We realize that today, because of the rapid methods of transportation which are in existence in most places, often people live in one city and commute to another for the simple reason that they cannot obtain comparable living conditions and facilities at their place of employment.

The same minister of national revenue wrote on November 1 to the hon. member for Moose Jaw-Lake Centre suggesting the following:

> Any recommendation for a revision of the present legislation would be a matter for the consideration of my colleague the Minister of Finance, as he is responsible for bringing such changes before Parliament.

I would like to bring to the attention of the House the fact that the then minister of national revenue and the present Minister of Finance (Mr. Benson) are one and the same person. Surely, in view of the consideration which he gave back in 1967 to this type of change, which was made necessary as a result of the movement of people from one area to another, the present Minister of Finance could have done much better than propose a maximum deduction of $150 for moving employees to their place of occupation. If the Minister of Finance were as sincere as he appears to be in his television broadcasts and in the films in which he appears once in a while, he would understand the plight of these people and consider allowing further deductions for personal expenses above maximum of $150.

When letters were written to the minister of national revenue in 1968 dealing with the same subject, replies were received from the then minister of finance in which he said:

> The Royal Commission on Taxation made some recommendations regarding the treatment of certain expenses incurred by taxpayers as a result of their employment which the government is presently examining. You may be assured that your comments and views on this matter will be kept in mind during this study.

So a number of ministers have suggested that they are concerned about this matter, but the best they have been able to do is to come up with a 3 per cent deduction in wages and salaries, while admitting at the same time that employment income and business income are not the same type of deductible items. Surely this government accepts the principle that they should be treated as one and the same, and it should allow the same deductions to be made in respect of employment and business income.

As late as October 1968, December, 1968, and March 1969, all letters addressed to the department have indicated that the government should be primarily concerned with the subject which I have raised this afternoon. If any concern had been felt for the people to whom I have referred, the government would have done something about this matter.

The same situation exists with regard to people whose jobs necessitate travelling on the highway. They have to be out on the road and must pay their travel expenses when they are away from home for long periods of time. These people, also, have not been given any consideration.

I should like to refer to another representation which has been made by the elevator construction people of the Saskatchewan Wheat Pool Employees' Association. On August 25, 1969, they wrote to the Minister of Finance. It would appear that the minister has failed to recognize the representation these people made to the department. They point out in their letter:

> This ruling although welcome created an even more obvious discrimination in that workers employed by the same company and often engaged in work of similar nature at the same site, are in some cases allowed to deduct the value of their expense allowance from their taxable income and others are not. The criterion for determining their eligibility to deduct the expense allowance being based solely upon the definition of what work is considered to be new construction or only the repair of an existing facility.

Once again we have the situation of the haves and the have-nots. Surely if this government is sincere in bringing about tax reform—that is a strange word for the government to use at this time—it should take

into consideration the problem facing these people and rectify the situation in which they have found themselves for many years.

Another point that should be made is that many people are allowed exemptions on away-from-home expenses. I should like to receive an assurance from the minister that the $150 maximum will be considered distinct from exemptions for away-from-home expenses. It was my understanding that this was so, but I should like the assurance to appear in *Hansard* that this is the intention of the government. The most important thing to recognize is that we are all very concerned about the needs of people who are on fixed incomes and low pensions. We should make sure they are given the $4,000 basic exemption.

There are too many cases of people in our society who make contributions to various political groups for which allowance is made when they come to pay their taxes. A good example of this occurred yesterday when a question was put to one of the witnesses from Montreal who appeared before us. He was asked whether he had in fact made any contributions to a political fund. Unfortunately, the witness was not allowed to answer the question because the chairman of the committee did not consider the question came within our terms of reference, even though the gentleman concerned was willing to answer it. The same thing applied then. Too many political donations are being made and considered as tax deductible. If we do not want people to look upon each other with suspicion, we must have tax reform which will bring about the necessary changes and which will benefit all those in our society who need help. Taxation should not be applied in such a way that it benefits some and not others.

I urge that the government give serious consideration to a general deduction for employment expenses, and to an increase in basic exemption so that the people in our society who are not able to live in dignity will be able to stand up, look at their neighbours and say "I am proud to be a Canadian and to participate in our Canadian society".

The Acting Speaker (Mr. Béchard): Is the House ready for the question?

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am glad to participate in this debate for a variety of reasons. I note the unusually large number of government members who in a spirit of devotion have come here, I hope to hear me speak. I was delighted to hear the speeches of my friends to my left. I find they have come back to the pure gold of their party philosophy. After listening and seeing what took place in Winnipeg, I wondered for a while. The tremendous speech of the hon. member for York South (Mr. Lewis) when he defeated the waffling Watkinites and so stoutly defended the status quo gave me some foresight into a situation which might occur if, God forbid, some day my friends to my left were to hold the reins of government. I could picture the hon. member for York South as minister of finance, defending an austerity program.

• (3:30 p.m.)

Some hon. Members: Oh, oh.

Mr. Baldwin: First, Mr. Speaker, I want to discuss some of the procedures which might well be followed when—I hope it will be shortly this afternoon—having given this matter cursory examination the House sees fit to send the white paper to committee. Let me make it quite plain that I think we should examine very closely some of the procedures which have been followed in the past with regard to a committee engaging the staff which it requires to facilitate the thorough and careful examination of issues.

I think it is fallacious nonsense to suggest that in all cases, or even in most cases, experts and staff hired by a committee function for the benefit of the committee and all the committee members. This is just not the case. I am not faulting anyone, but these are the facts of life. What happens in most cases is that the experts become an extension of the chairman and his supporting government members on the committee. I do not believe that should be the case. We are operating under an adversary system. I do not say that in an unkind way; that is the way it should be in order to have the most thorough and careful examination of any problem. That is what Parliament is for. When matters are sent to a committee, where by reason of the physical establishment of the committee it is possible to develop a line of cross-examination, to call witnesses and examine and cross-examine them, I think we should bear in mind that the adversary system still prevails, although not in as partisan a way as it does in the House of Commons. I think committees can be mellow in that regard.

I suggest that in a matter obviously as complex and as difficult as this, one which has been regarded all through the country with a

great degree of interest, it should be possible to ensure that all members of the House will have an opportunity to secure the expert assistance they may need in order that they may properly discharge their responsibilities.

I have heard various figures bandied around. Somebody this afternoon said $200,000. I do not know what figure the Minister of Finance (Mr. Benson) has in mind. I am not advocating that by any means, but it seems to me that my hon. friends to my left have a right to put their case. It is the wrong case, but they have the right to put it forward. My hon. friends opposite have an even greater wrong in their case, although perhaps I may digress for a few moments to say that there are a few shreds of virtue and value in the white paper, largely embedded in a dark mass of economic foolishness. But my hon. friends have a right to try and make that case with such reasonable assistance as may be determined.

As may be determined from the speeches made by my leader and by the hon. member for Edmonton West (Mr. Lambert), we have dealt with this matter thoroughly, carefully and intelligently. We have gone into it closely and made our case. We, who have the best case, might not need as many experts as others, but we are going to ask for them just the same. I hope the government House leader is paying heed to what I am saying because that will be our position officially, not only on this but on other matters, when it becomes the responsibility of a committee to make a careful, studied and searching examination of any issue, particularly one as important and as difficult as this. The virtues of the adversary system must be maintained by permitting there to be engaged on behalf of the respective groups such experts, help and counsel as may reasonably be expected.

I am not suggesting that we go as far as the system in the United States where in every committee there is staff to assist the chairman, staff for the majority group on the committee and staff for the minority group. There are many committees where this is not necessary. But I would go so far as to say that members of the government side, sitting as a group, oftentimes have a position divergent to that of the government. The trouble is that they do not have it often enough. But they have a right to maintain such a position, especially in committee, and it may be that government backbenchers who sit on committees should also be entitled to some form of assistance. I make that plea now. This will be our position. I am not on the committee, but I want to make it quite plain that we will take this position in the committee.

Many things I could say about this white paper have already been said, so I will limit myself to dealing with one or two specific aspects of it. It seems to me that the Minister of Finance is attempting, in the form of the organized hypocrisy which is being put forward in support of the white paper, to destroy the initiative of that large middle class which forms the backbone of any society with an incentive system. I have no doubt about that. The minister may not think so. He may well say, "We are now establishing norms of taxation rates which will not have that effect." I suggest to you, Mr. Speaker, and to all members of the House, that an examination of the income tax system from the time it was first imposed as a temporary measure during the First World War more than 50 years ago, indicates what happens. Measures which are brought forward on a temporary, tentative basis never stay that way. They become permanent; they become imbedded in our economic and tax structure, and the taxation levies and returns consistently increase.

I suggest to members of this House that in a country like Canada, where we have so much to do, where we have a frontier and so much lies beyond the frontier, it would be criminal folly to take, to adopt, to support measures which would have the inevitable result of destroying the group which generates the capital that provides for the development of these areas.

In an older civilization, an older society which has not the advantages we have of being able to develop, to find new wealth, to exploit it for the benefit of the people, these schemes and these systems may become essential, although in this connection I would refer to a study by Professor A. R. Ilersic, commissioned by the Vancouver Board of Trade, which deals with examples of capital gains tax in the United Kingdom and with new measures of taxation introduced there. At page 7 of his study I read this:

> Only someone who has had to assimilate, simultaneously, the two new taxes introduced by the 1965 Finance Act, i.e. the Corporation Tax and the Capital Gains Tax, can comprehend the burden laid upon the tax machine and its operators. In the Travers Lecture given in London on November 1st, 1966, Mr. E. Kenneth Wright, M.A., F.C.A., a member of the Council of the Institute of Chartered Accountants in England and Wales, observed that "the first consequence of the fiscal revolution of April 6th, 1965, has been to introduce confusion into our tax system" . . .

Those words "fiscal revolution" can well be applied to this white paper.

In particular, there was insufficient study of the practical application of the new taxes—of their administration and of the work involved. They stand up much better—whether we approve of them or not—as theoretical or academic concepts than as practical blueprints.

In a letter to the *Times* . . . Mr. C. N. Beattie, Q.C., a member of the Tax Bar and an author of a standard work on income tax wrote: "It is scarcely an exaggeration to say that our present system of income taxation has been smashed to pieces by the Labour Government under the pretence of making it modern, simple and purposive. It is none of these things; it is now archaic, confused and destructive. The task of understanding it is beyond the capacity of the taxpayer, his advisers and the officials of the inland revenue; indeed it is beyond anyone's capacity because it does not make sense.

• (3:40 p.m.)

I hope, Mr. Speaker, that someone will bring this to the attention of the Minister of Finance in his peregrinations around this country trying to sell the unsaleable. I have mentioned the capital gains tax. On a general basis I think our position in this regard has been put forward by our leader and other members of our party. However, I have a personal view that there is a form of capital gains tax which might well be considered; that is tax in the form of unearned increment upon land alone—not improvements upon land, but upon land alone. This principle goes back to the last century, to the writings of the great economist, Henry George. I think it has certain virtues with regard to taxation, and it would also be of great collective value with regard to the problem of the cost of houses.

Mr. Speaker, no single factor has done more to bring ordinary housing out of the range of the average Canadian than the speculative value of land in the vicinity of large cities. I made this plea in the House seven or eight years ago and again three or four years ago, but nobody listened. That may be my fault, I think a tax of this kind, easily, mechanically arranged, with the value of improvements upon land properly adjusted to meet the inflated values of today and with mechanisms for exemption, could be devised to provide that only the speculative increase, the unearned increment, would be taxed. When society builds bridges, roads, schools and other facilities which increase the value of raw land, whereas the individual owner does nothing to merit that increase, I think it is proper and just that a percentage of the increase should be taxed.

This is a direct tax to which the federal government has a constitutional right, but because it has an impact upon what has traditionally been regarded as the preserve of provincial governments and municipalities, the Minister of Finance and his advisers might give some thought to discussing the matter in close consultation with the provincial governments. If such a tax were imposed, it would seem to me to be the type where a good proportion could go back to the municipalities.

Yesterday we heard the Minister without Portfolio (Mr. Gray) paint a grim and dismal picture of the future of the large metropolitan areas. He mentioned a limit of $25 million a year for urban renewal. It seems to me, Mr. Speaker, that here is a source of revenue which could be derived from an interim method of capital gains tax whereby the federal government would collect the tax and pay back to the municipalities large sums of money which would be generated, for improvement or urban renewal which is now so badly needed.

There has been some mention of the virtue of the white paper in so far as it would bear upon the poor. Much has been said about the hundreds of thousands of people who will be taken off the tax rolls. That may be so, but I reject categorically the suggestion that in the final analysis the poor will benefit. They will not. It has been our experience that any form of tax increase such as is contemplated here, in the end bears upon the poor people at the bottom of the economic-social ladder—those who have not the means to resist or apply any pressure, the poor and dispossessed, those who have no pressure groups to go to the government and seek a remedy.

We all know what happens. The small entrepreneur and businessman impose the tax as an increased cost of services, goods or commodities. Everybody who pays a tax attempts to pass it on, but unfortunately those at the bottom of the ladder cannot pass it on. I suggest, Mr. Speaker, that if this pernicious proposal contained within the four corners of the white paper is implemented, within three or four years the alleged benefit to these poor people will not only be destroyed but the cost of commodities and services essential to their preservation will be greatly increased.

If the Minister of Finance and his advisers would listen—and I doubt it because he is not the kind of man who listens—I suggest that they should take this paper, jack up the title

and run a new document under it. In this way we may have some hope of reasonable tax reform.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suspect we are getting fairly close to the passing of the motion for the reference of this white paper to the standing committee. Before we reach that stage there is one point which was made earlier in the debate which I should like to emphasize. In another context I suppose I would have a text—it is that old precept, justice delayed is justice denied. If there is anything in this white paper that is good—and despite the remarks just made by my hon. friend I suggest that there is—it is the admission that there are at least 750,000 Canadian taxpayers who should not be paying income tax.

The Minister of Finance (Mr. Benson) has been running around the country boasting of this fact, saying that one of the things his reform will do is take 750,000 taxpayers in the lower income brackets off the tax rolls. Mr. Speaker, this claim is, I assert, an admission that these people ought not to be paying income tax now. If the government insists on putting these measures off until 1971, it means that for another year—not to mention the year 1969 for which income tax has yet to be paid—750,000 people should not be paying tax are, in fact, required to pay it. This includes not only those in the lower income brackets who get caught with the $1,000 and $2,000 exemption levels. It includes many old age pensioners, particularly those between the ages of 65 and 70. Indeed, hon. members no doubt know that if pensioners in that age group are drawing the guaranteed income supplement, they must pay back part of that so-called guarantee in income tax.

• (3:50 p.m.)

The minister tells us he will correct that situation when he raises the exemption levels to $1,400 for single people and $2,800 for married people. I think the exemption level ought to go much higher, but at least that much will be done. Unfortunately, it will not be done until 1971. So here we have a clear admission that an injustice has been perpetrated against many people. But that injustice is to continue for another year. I say that justice delayed is justice denied.

Since the government has finally admitted that it ought not to tax people whose incomes are below $1,400 when single and $2,800 when married, it ought to put that part of its proposals into effect right away. That has been suggested in this debate more than once. The government has had a chance to answer us. Its answer is that it cannot put this program into effect piecemeal; that it is a package and that it must be put into effect all at once. It tells us that it could not raise these exemption levels without imposing all the other taxes on all those who are in the higher tax brackets. It cannot raise the exemption levels now, it says, because the balance of ways and means would be destroyed and the government would have a deficit.

I will not go into the economics of that argument, although I should be glad to do so. But may I make this point as clearly and with as much force as I can: That is a way of saying that the finances of this country must be carried on for another year by taxing the poor, by taxing old age pensioners who are on the guaranteed income supplement and by taxing people who have an income of less than $1,400 when single and $2,800 when married. I submit that the finances of this country are not worth maintaining if we have to dip into the pockets of people at that income level to keep the country going. Surely we have the wit to do something better and to be more just.

An hon. Member: Not over there.

Mr. Knowles (Winnipeg North Centre): Someone behind me has just said, "Not over there." Surely there are people over there with wit enough, even half a wit, to see that action is taken on this issue. That is the main point I wished to bring forward.

The white paper has been examined thoroughly by all who have taken part in the debate. I say that one good thing to have come out of these proposals is the government's admission that at least 750,000 people are now paying income taxes who ought not to be paying them. If that assumption is true for 1971, it ought to be true for 1970 and for 1969. Unless the government brings into effect that provision right away it will be, by delaying justice, denying justice to many thousands of our Canadian people.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, my remarks will be brief, something which no doubt will please the hon. member for Lanark and Renfrew (Mr. McBride). Not only the old people of the country are interested in our tax reforms, but our young

people are also interested. A young chap said to me, "When the government decides to tax us, it will not wait for its money; but when it proposes to make a concession, we must wait a couple of years for it." A number of our young people pay taxes even before entering the labour force. These young people in particular are disillusioned with the government and with its endless discussions. These tax proposals will go to a standing committee and be discussed there at great length. I was very surprised to hear the Minister without Portfolio (Mr. Gray) say to hon. members that the government has not enough information to know exactly what will be the effect of certain proposals, especially in view of some multiplier effects.

The taxes some of our young people pay have reached an oppressive level. They are impatient with stupid regulations under which they must pay income tax on money earned during summer holidays and then apply for a refund of that tax. Sometimes when they borrow money from the government they are told that money constitutes income and that they must pay tax on it. Since many young people who are now 16, 17 or 18 years old will participate in the next general election, I think it makes sense from the government's point of view to implement very soon certain of its proposals respecting income tax. It should not wait until the committee has made its report, but should implement some proposals at once. Our young people are not interested in hearing that these proposals have gone to a committee where they are to receive detailed, serious consideration. They are impatient, and for that reason I submit that the government ought to consider putting some of these proposals into effect at once.

Mr. Macdonald (Rosedale): Mr. Speaker, there have been certain discussions about the business planned for the balance of the afternoon, and I think there will be found to be agreement for our suspending private members' hour for today so we may complete the matter now being debated. If we complete it before five o'clock, the House might rise, to the call of the Chair, so that I may have an opportunity later of reporting to the House the current status of industrial relations respecting air traffic controllers.

Mr. Peters: Would that be before six o'clock?

Mr. Macdonald (Rosedale): It would be before five o'clock. I think the House would be agreeable to an order suspending private members' hour so that we might conclude the matter under discussion. If we conclude it before five o'clock, the House might agree to rise until approximately 4.50, so that I may have an opportunity of coming back to the House and making a statement.

Mr. Speaker: Is this agreed?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I wish to be clear about the matter. If, for example, the debate were to be over at this point, would we now suspend the sitting?

Mr. Macdonald (Rosedale): That is correct.

Mr. Knowles (Winnipeg North Centre): I take it we would be recalled by the ringing of the bells. I assume that could not be later than five o'clock because of our hours of sitting today.

Mr. Macdonald (Rosedale): I do not know whether that is necessarily the case. We could ring the bells just before five o'clock so that we could ask the House if it is prepared to sit beyond five, in case there is news of value to be announced later. We could do that instead of insisting that the debate not go on any longer. I should hate to deprive the House of the pleasure of listening to the hon. member for Timiskaming (Mr. Peters).

Mr. Baldwin: Mr. Speaker, I understand that the President of the Privy Council (Mr. Macdonald) is delighted with the rapid progress being made and anticipates we shall finish before five o'clock. I do not think we shall need more time to discuss this matter.

Mr. Macdonald (Rosedale): I was looking forward with great pleasure to hearing the speeches of hon. gentlemen, but I shall have to forgo that pleasure.

Mr. Speaker: Hon. members have heard the suggestion put forward by the President of the Privy Council (Mr. Macdonald). Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

Science Council Report on Astronomy

• (4:00 p.m.)

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: On division.

Motion agreed to.

Mr. Speaker: My understanding of the order adopted a moment ago is that we shall now suspend the sitting until the call of the bells at approximately 4.50 p.m. I therefore do now leave the chair.

SITTING SUSPENDED

At 4.03 p.m. the sitting was suspended.

• (4:50 p.m.)

SITTING RESUMED

The House resumed at 4.54 p.m.

AIR TRANSPORT

RATIFICATION OF AGREEMENT BY TRAFFIC CONTROLLERS

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, there have been further reports on the air traffic controllers' ratification vote. While I can be optimistic about the result, I am advised that it is not final at the moment and that it is not possible to speak with certainty. I believe that around seven o'clock this evening it will be possible to do so. I would therefore suggest that the House make an order suspending the Standing Order with respect to the adjournment at five o'clock—

An hon. Member: Suspend the government, too.

Mr. Macdonald (Rosedale): Perhaps we should suspend these wisecracks until I have finished my remarks. I thought we might be able to go out and do something more useful, but if we are to have these interventions, I suppose we shall continue to sit.

I suggest we make an order to suspend the sitting until some time after seven o'clock to suit the convenience of the hon. members. I believe 7.15 or 7.30 might be convenient to the Leader of the Opposition (Mr. Stanfield). We could then return for the purpose of making a final disposition of our plans for the day's sitting.

ROUTINE PROCEEDINGS

SCIENCE COUNCIL

TABLING OF REPORT ON ASTRONOMY

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, may I take this opportunity, pursuant to Standing Order 41(2), to table in both official languages a report by the Science Council of Canada on astronomy.

An hon. Member: What do the stars tell you?

Mr. Macdonald (Rosedale): I have consulted the government's astrologer, and he is predicting a good Christmas.

I believe my colleague the President of the Treasury Board (Mr. Drury) would like permission of the House to revert to motions for the purpose of making a statement with regard to pensions.

Mr. Baldwin: Mr. Speaker, may I say that we in this party are agreeable to the proposal made by the President of the Privy Council (Mr. Macdonald) with regard to the resumption of the sitting. I would hope, however, that a definite hour, say 7.30, might be fixed. We are all very hopeful about the outcome of the vote. We believe that the further the negotiations move away from the two presidents, the President of the Privy Council and the President of Treasury Board (Mr. Drury), the more likely they are to succeed.

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I would suggest to the government's favourite stargazer that he should set a specific time, rather than some unspecified time after seven o'clock. If the government is expecting some information, he might well set the time at eight o'clock. I would have no objection to being here at 7.30, but I do not want to attend at that time and then be told we have to sit around for another half hour until the information is available.

Mr. Macdonald (Rosedale): If hon. members insist on eight o'clock, I am sure we can all find something to do in the extra hour.

Mr. Baldwin: Are the results coming by mail? If so, we may have to wait a little longer.

Mr. Speaker: Is it agreed that the relevant standing order be suspended and that the House should reconvene at eight o'clock this evening?

Some hon. Members: Agreed.

An hon. Member: Half past seven.

PENSIONS

RETIRED CIVIL SERVANTS—ANNOUNCEMENT OF INCREASE

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am pleased to be able to inform hon. members that the government will be introducing legislation, following the Christmas recess, to provide for increases in the pensions of retired public servants and their surviving dependants.

Some hon. Members: Hear, hear.

Mr. Drury: As I have indicated to the House in recent months, this matter has been the subject of intensive study. The proposals which the government will be placing before Parliament are based on a report which has been submitted to me by my Advisory Committee on the Public Service Superannuation Act. This committee examined proposals which had been made to the government for a special contributory plan, financed by contributions of the government and employees. The committee concluded that such a plan, financed by equal contributions from the government and employees, is feasible as a continuing method for up-dating pensions payable in respect of retired public service employees under the Public Service Superannuation Act.

The plan will contain the following features:

(a) Commencing April 1, 1970, pensions in pay will be increased by the application of percentages ranging from 2 per cent for those who retired in 1969 to 42 per cent for those who retired in 1952 and earlier. These percentages will be applied to the basic pension plus any increase being paid under the Public Service Pension Adjustment Act of 1959.

(b) Commencing in 1971, pensions would be increased each January 1 in accordance with the percentage change in the Canada Pension Plan pension index provided the maximum increase under that plan remained at 2 per cent.

(c) There will be no dollar ceiling on the amount of the increase in applying the percentage increases.

(d) The contribution rate will be one half of one per cent each, by the government and the employees.

• (5:00 p.m.)

I should mention at this point that while half of the membership of the advisory committee consists of members of employee organizations, the government had discussions with and obtained the support of representatives of all the bargaining agents for these proposals.

In the case of persons retired from the Canadian Forces or RCMP, the situation is somewhat different because of the earlier ages at which members of those forces can retire on full pension. It will be proposed that the commencement of escalation in their cases should take place at the age of 60, or immediately if the member is invalided from the service. This would be comparable with the treatment to be accorded the majority of public service pensioners who can retire on an immediate annuity at age 60. The additional contributions required from members of the forces and the government would be at the same rate, as in the case of public service employees.

The legislation which is proposed will also deal with increases in the pensions of retired Members of Parliament and with other pension plans, such as the Governor General's Retiring Annuity Act, certain pensions authorized by Appropriation Acts and the pension plans for locally engaged employees abroad.

With proper reservations respecting the special position of the judiciary, the same principles will be proposed for the adjustment of pensions payable under the Judges Act.

It is intended that the effective date of the pension increases and the new contributions will be April 1, 1970.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, some people will really believe that there is a Santa Claus now—of a sort, anyway. This is not a time for controversy. Generally speaking, I know that the announcement of the President of the Treasury Board (Mr. Drury) will be welcomed. However, even though it is not a time for controversy I feel there are one or two things that need to be said.

First of all, I do not know why there was the unconscionable delay in this matter. I do not know what provoked this action at this time, whether it was the action that was taken by the government of Ontario.

Some hon. Members: Oh, oh!

Mr. Stanfield: If my hon. friends opposite really want me to be critical, then I will, but I feel I should say one or two things. If hon. members opposite will pipe down I will not take too long. This whole plan is figured on

the basis of a 4 per cent interest rate for the Government of Canada.

Mr. Drury: There is no basis for that statement. That is sheer mythology.

Mr. Stanfield: It is computed on a 4 per cent basis.

Mr. Drury: No, it is not.

Mr. Stanfield: I may be wrong, but I do not think I am seriously wrong. I think the government is profiting substantially from the superannuation fund, though it is not a funded plan. I must say I cannot go along with the 2 per cent ceiling. The 2 per cent ceiling on adjustments related to the cost of living, on the basis of performance within recent years, is completely unrealistic. I think this question should be looked into further, that the ceiling should be removed so that annual adjustments can be reasonably related to the change in the cost of living. As a result, in future pensioners will not find themselves in the very difficult position in which they found themselves in recent years, with their pensions not being adjusted in accordance with increases in the cost of living.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have waited for about 25 years to be able to make the statement I am now very happy to make. Like the Leader of the Official Opposition (Mr. Stanfield) I could find areas for criticism, but the first word I want to say is that there are 35,000 retired civil servants and 17,000 widows of retired civil servants plus many thousands of pensioners from the RCMP and the Armed Forces who will say tonight, "Well, this is a Merry Christmas after all."

Some hon. Members: Hear, hear.

Mr. Knowles (Winnipeg North Centre): Like the Leader of the Opposition, I feel this should have happened long ago. The point is that now it is happening and I rejoice for those who will get the benefit of this announcement made by the President of the Treasury Board (Mr. Drury).

Let me comment on one or two things about this plan which I think are good. It is true that through most of the years I have been dealing with this issue I have been primarily concerned with those who are already retired. But I have made it clear that it is also necessary to make provision for those who are still working in order that they will not be in the same boat that the retired civil servants have found themselves in for many years.

One thing that is good about this plan is that it covers both groups. It makes an arrangement whereby people who are now retired may receive in April, 1970, an increase in their pensions ranging from 2 per cent—they will not think that their Christmas is all that merry—to those in other categories who will get as high as 42 per cent. They will realize that this is a useful and most welcome piece of legislation.

Not only does the plan increase the pensions of those already retired—and I have read carefully the notes the President of the Treasury was good enough to give me a few minutes ago—but it says to those who are now in the service that when they retire the same accelerating formula will apply to them during their years of retirement.

For all the critical things I might want to say, it is a very significant moment when this announcement is made in the House of Commons. I must say I regret the ceiling of 2 per cent in the amounts to be added in later years, and this is the same regret we have about the ceiling that is in the Old Age Security Act and the Canada Pension Plan. I hope in due course we can get that ceiling revised in respect of all these plans. The significant thing about this announcement is that we are making a start on doing something for those who are now retired and in need of this pension increase, and that we are also making provision for those people who will retire in the future.

It strikes me that what the minister has announced regarding the slightly different arrangement for those in the Canadian armed forces and those in the RCMP is quite justified. I am also glad to note that the legislation will provide a similar increase in the pension of retired Members of Parliament. As hon. members will have noted, this will not affect those of us who are now in this House, and I am glad that that issue has not been raised at this time. I think it is clear, however, that this will do something for those who have been away from the House for a number of years, many of whom are living on pensions which have an unrealistic ceiling. They will be able to benefit from an increase in their pensions that will be most welcome.

Let me say, Mr. Speaker, that I hope the fact that these arrangements are being made for retired civil servants, retired members of the armed forces, retired RCMP personnel,

retired Members of Parliament, retired Governors General and retired judges, will result in the other groups being remembered as well. I mention particularly, because they come under the aegis of the government, the retired employees of Canadian National Railways.

• (5:10 p.m.)

I welcome the fact that a few days ago a motion of reference was made so that the Committee on Transport and Communications will have the CNR pension plan under its consideration. I hope that as a result of that study, a parallel plan can be produced soon enough so that the same date of April 1, 1970, will apply to retired employees of the CNR. There are others, particularly those in private industry, who deserve this increase as much, but bearing in mind that many provincial governments, jurisdictions, and private employers have taken the step, I hope that what the federal government is now doing will lay it down as a rule which all employers should follow, and that includes the CPR and all other private employers.

It just does not make sense in any kind of civilized society to say that once people have retired their pensions should stay at the same level for the rest of their lives. I am concerned, not just about the rise in the cost of living with which retired people have to cope, but about the fact that they should be entitled to share in the increased standard of living. What we are agreeing to by this arrangement is that people who are retired have their right to share in an on-going society. I am glad the government is taking this step with respect to those who come under its purview, and I hope others will do likewise.

I have one further word, and that is to express the hope that now that we are taking this step, I hope the government will do the same thing with respect to the old age security pension. Apparently we did not have to wait for the white paper to do this. I urge that old age pensions be increased in the same way, without further delay.

However, I see Your Honour is becoming anxious, and I do not blame you. But I have battled for a quarter of a century for the day when I could welcome the announcement that has now been made. I do so, and in the name of many superannuates and their widows who will be grateful tonight, I say to the government, "The same to you; a very Merry Christmas".

TRANSPORT

TUGBOATS—TABLING OF SAFETY REGULATIONS

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, earlier today, for reasons that were outlined to the House leaders, it became necessary for me, in order to accommodate a group of tugboat employees who were in Ottawa, to make a statement with regard to safety regulations in the form of a press release. Normally I would have done this in the House, but as was outlined at the time it was necessary because of the timing to do it in this fashion. I am now taking advantage of the first opportunity to table copies of this release in the House.

Mr. Speaker: Pursuant to an order made earlier this afternoon, it is understood that the House will reconvene at 8 p.m. today. I would like to suggest to hon. members that if they are wondering how the intervening hours might be employed, I will be in attendance in Room 16 and I would be very grateful if hon. members accepted my invitation to spend a few moments with me. This invitation is extended, of course, to members of the press and to our staff.

SITTING SUSPENDED

At 5.15 p.m. the sitting of the House was suspended.

SITTING RESUMED

The House resumed at 8 p.m.

AIR TRANSPORT

RATIFICATION OF AGREEMENT BY TRAFFIC CONTROLLERS

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I am pleased to be able to inform the House that the government has received official advice from the Canadian Air Traffic Controllers Association that their membership has ratified the terms of settlement as outlined in the memorandum of agreement between the government and the association which was signed last Wednesday, and that they are prepared to execute the collective agreement as soon as practicable.

Some hon. Members: Hear, hear.

Mr. Drury: I expect that this will take place late Monday afternoon, December 22. I am also pleased to be able to say that a

collective agreement with the International Brotherhood of Electrical Workers, representing electronic technicians, will be signed on the same afternoon. Happy Christmas!

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I am getting tired of applauding the settlement of this strike, but I am glad to do it a second time.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I rise on a question of privilege affecting all hon. members of this chamber. I should like, on behalf of all hon. members, to wish you a very happy Christmas and to extend our very best wishes for a New Year which at least in your working surroundings may be peaceful and orderly.

Some hon. Members: Hear, hear.

Mr. Knowles (Winnipeg North Centre): That is up to you.

Mr. Trudeau: It may be up to us, but we do not want to deprive Your Honour on every occasion of your right to compete in the physical fitness Derby which was talked about earlier this afternoon. We hope Your Honour will find other ways of keeping fit.

[*Translation*]

Mr. Speaker, while I have the floor I should like, on behalf of all my colleagues in the government, to wish all hon. members and the staff who work tirelessly for the House a Merry Christmas and a Happy New Year. I also hope that during the recess all will have such a good rest that they will not long for one another.

[*English*]

Hon. Donald S. Macdonald (President of the Privy Council): Mr. Speaker, I would ask for the unanimous consent of the House to put the motion appearing in my name on the order paper.

Some hon. Members: No.

Mr. Les Benjamin (Regina-Lake Centre): On a question of privilege, Mr. Speaker. In spite of the statements by the Prime Minister (Mr. Trudeau) and the President of the Treasury Board (Mr. Drury) as well as the leaders of opposition parties, I wish to protest the settlement of this strike because now my mother-in-law will arrive.

Some hon. Members: Oh, oh!

[Mr. Drury.]

• (8:10 p.m.)

HOUSE OF COMMONS

ADJOURNMENT FOR CHRISTMAS RECESS UNTIL JANUARY 12

Mr. Macdonald (Rosedale): Mr. Speaker, I move:

That when the House adjourns at the conclusion of the sitting on Friday, December 19, 1969, it shall stand adjourned until Monday, January 12, 1970, at 2.00 o'clock p.m. provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with Her Majesty's Government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for the purpose of this order.

Mr. Winch: Mr. Speaker, may I direct a question to the Minister of National Defence (Mr. Cadieux). Do we now have his assurance that the "Yukon" will be flying tomorrow, because half an hour ago I told my wife that it would.

Mr. Cadieux (Labelle): Mr. Speaker, I understand that all the arrangements are co-ordinated by the President of the Privy Council (Mr. Macdonald), so if the hon. member is on good terms with him as of ten o'clock tomorrow morning, I believe the plane will fly.

Mr. Nowlan: Mr. Speaker, my friend might worry about the west, but I lived there for seven years and finally saw the light and came east. Will the transport plane to the east also be on time for nine o'clock tomorrow morning?

Mr. Jamieson: Mr. Speaker, anything that will get my friend from Annapolis Valley (Mr. Nowlan) out of Ottawa, east or west—

Mr. Macdonald (Rosedale): Mr. Speaker, in answer to the question, I would suggest that perhaps if the hon. member for Vancouver East (Mr. Winch) could meet his mother-in-law, the hon. member for Regina-Lake Centre (Mr. Benjamin) will confirm the fact that the plane will leave tomorrow. I would like to move, seconded by Mr. Olson, that this House be now adjourned.

Mr. Speaker: Order, please. The original motion has not been put. Is the motion carried?

Some hon. Members: Carried.

Mr. Macdonald (Rosedale): Mr. Speaker, I move that the House do now adjourn.

Mr. Speaker: May I take one moment to thank the right hon. Prime Minister (Mr. Trudeau) for the very generous wishes he has just extended to the Speaker, and thank all hon. members who during the last few days were kind enough to extend similar wishes to me. I am happy to reciprocate and wish my colleagues a very pleasant Christmas and New Year that will bring them in abundant measure health, happiness and success in their work on behalf of the Canadian people.

Motion agreed to and the House adjourned at 8.15 p.m.

END OF VOLUME II